

BUSINESS ADMINISTRATION
LIBRARY

FEB 13 1958

MANAGEMENT METHODS

FEBRUARY 1958

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



R A STEVENSON, DEAN
SCHOOL OF BUS ADMIN
UNIVERSITY OF MICH
ANN ARBOR MICH
999 0857 \$3.00

Burgess of Electronic Specialty Co. —

PROFILE OF A NEW KIND OF MANAGER

PAGE 26

How to get more from creative people

PAGE 32

How to trim waste from a welfare fund

PAGE 36

RS for VIP*



*
Royal[®]

Seating for Value...Individuality...Prestige

- 1 **No. 1230 Executive Posture Chair.** Coil-spring seat is wide, comfortable, mounted on all-welded island base. Oven-baked enamel finish. A prestige chair.
- 2 **No. 1278 Secretarial Posture Chair.** Day-long, fatigue-free seating. 4-way adjustable, free-floating, padded contour back rest. Steel construction.
- 3 **No. 911 Arm Chair.** Flex-spring seat. Well-padded back. Wall-saver legs. All-welded tubular steel frame and leg braces.
- 4 **No. 913 Side Chair.** Handsome, all-steel, square tubular frame sturdily welded throughout. Flex-spring seat. Padded back.

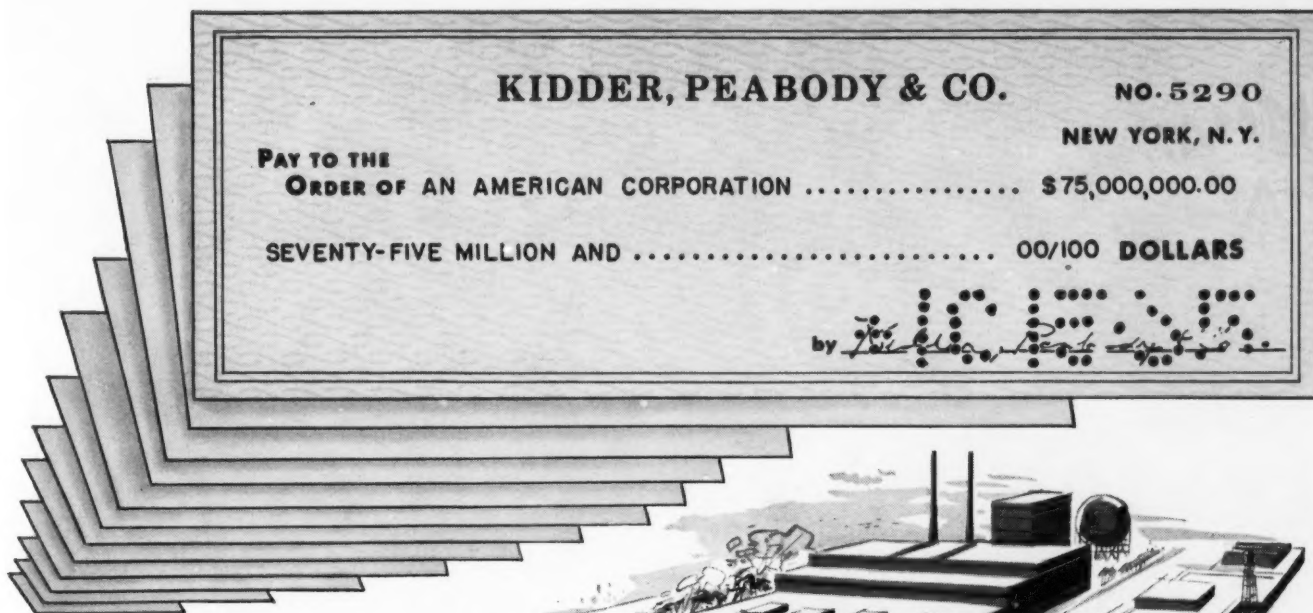
Whether you're expanding your office, opening a branch, or bringing present quarters up to date, matched *Royal* seating should rank high on your list of "absolute musts" —for no other investment can add so much to the appearance, comfort and efficiency of your business home at such a small dollar outlay.

write for *FREE* office furniture catalog

ROYAL METAL MANUFACTURING CO.
ONE PARK AVENUE, NEW YORK 16, NEW YORK DEPT. 4-B
Please send me your complete OFFICE FURNITURE CATALOG
Name _____
Company _____
Address _____
City _____ Zone _____ State _____

(For more information, see last page)

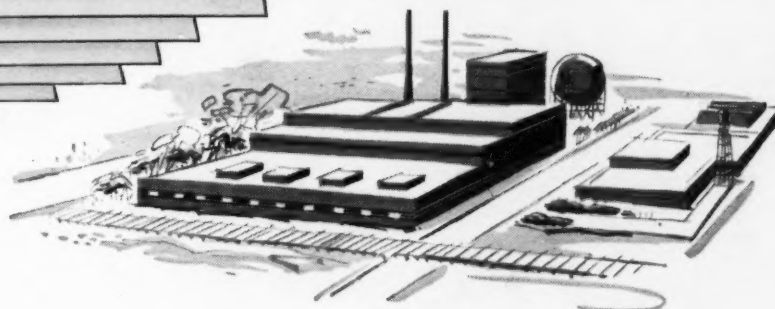
How did these COMPANIES* raise \$622,226,000 of new capital?



*

Aerojet-General Corporation
Beatrice Foods Company
Carolina Telephone and Telegraph Company
Central Hudson Gas & Electric Corporation
Commercial Credit Company
Florida Power Corporation
Florida Power & Light Company
The General Tire & Rubber Company
Idaho Power Company
International Milling Company
Interstate Power Company
Missouri Public Service Company
Public Service Company of New Hampshire
Rath Packing Company
South Carolina Electric & Gas Company
Standard Packaging Corporation
Standard Pressed Steel Co.
United Utilities, Incorporated
The Washington Water Power Company

42 additional Corporations—not listed.



Some of this \$622,226,000 was raised by public offerings of securities, some through private placements—some of the securities were common stocks, some were preferreds, some were bonds. All of it was raised during 1957 by Kidder, Peabody & Co.†, acting as manager or co-manager of nationwide underwriting groups or as agent.

You are invited to call on us when your corporation needs additional capital.

KIDDER, PEABODY & CO.

FOUNDED 1865

*Members New York and American Stock Exchanges
Members Boston and Midwest Stock Exchanges*

17 WALL STREET • NEW YORK 5, N. Y.

BOSTON CHICAGO LOS ANGELES PHILADELPHIA

†and its corporate affiliate, Kidder, Peabody & Co. Incorporated



"As efficient as my streamlined kitchen," his wife said

His wife knows why he gets home on time now!

New Work-Organized Desk (a beauty, too) is really amazing help in getting day's work done

Leave it to a woman to quickly note and appreciate work-saving efficiency. But it's the *man* behind the new Shaw-Walker Work-Organized Desk who profits. He gets away from the office earlier and is less tired.

Ingenious Work-Organizing drawers provide space for letter trays, paper folio, card files, binders and other items that clutter the top of

ordinary desks. And imagine this! There's even drawer space for your telephone and waste-paper. Really ingenious!

With the desk top clear and everything efficiently organized

in the drawers you just can't help but do more, easier. *It's the nearest yet to desk automation.*

Our new brochure "The World's Most Advanced Executive Desk" shows how to use these desks for greater accomplishment. It also pictures all models in colorfully decorator-planned executive suites. Ask our local branch or dealer store or write Muskegon 89, Mich.



SHAW-WALKER

Largest Exclusive Makers of Office Equipment
Muskegon 89, Mich. Representatives Everywhere

MANAGEMENT METHODS

FEBRUARY 1958 • VOLUME 13 NO. 5

CONTENTS

Yours for the asking.....	6
<i>This new M/M feature presents a compendium of booklets—promotional and otherwise—containing ideas that may be of profit to you.</i>	
What's happening to top executive paychecks?.....	18
<i>Patterns vary widely from company to company but a new study shows that the over-all level of top management compensation has been going up.</i>	
Burgess of Electronic Specialty: How he steers the profit route.....	26
<i>In this Profile of a New Kind of Manager, you'll learn how one company succeeded in generating the capital it needed for growth.</i>	
How to get more from "creative" people with better organization.....	32
<i>Here is the story of a well-known company that re-emphasized management in its advertising department—and got better programs at lower costs.</i>	
Six ways to trim waste from a welfare fund.....	36
<i>More welfare fund money has been lost from lack of know-how than from corruption. Here are six ways you can cut down on this administrative loss.</i>	
How to grant scholarships without headaches.....	40
<i>Here's an easy way to establish company-sponsored scholarships. You get double results with none of the usual administrative problems or costs.</i>	
How to select the best man for skill training.....	53
<i>Aptitude tests saved this company time and money when it had to quickly cull 200 trainable workers from 1,200 who had applied.</i>	
How to handle those vexing requests for "small" gifts.....	68
<i>Local business is always fair game for groups wanting favors. When should you say yes and when no? Here are some tips on what to say—and how.</i>	

DEPARTMENTS AND SHORT FEATURES

Point and counterpoint: letters to the editor ..	8	Consensus: electronic briefs worth repeating..	56
Tax quiz: recent tax court cases	15	Books for management	71
Thought Starters: administrative solutions ...	44	Reader service section	81



JOHNS-MANVILLE CORPORATION
22 EAST 40th STREET • NEW YORK 16, N. Y. • TELEPHONE: BRXINGTON 3-7630

A century of industrial leadership is expressed in this symbol which will keynote the Johns-Manville anniversary throughout 1958.

Progress builds on Quality!

You can tell a company's character by the letterhead it keeps. Johns-Manville, a long-time Strathmore user, for example, recently selected still another fine Strathmore paper for its anniversary letterhead. Such continuing loyalty is, happily, common with Strathmore users—among whom are an extraordinary number of the most distinguished firms in the nation. They remain convinced, year after year, that their business correspondence on Strathmore is a quality character reference of the most expressive sort.

Johns-Manville protects against fire, weather and wear with asbestos building materials...safeguards water supplies with asbestos cement pipe...controls heat and cold with insulations, motion with asbestos brake lining. Johns-Manville makes homes more comfortable and helps industry produce better products for better living.

STRATHMORE LETTERHEAD PAPERS: STRATHMORE PARCHMENT, STRATHMORE SCRIPT, THISTLEMARK BOND, ALEXANDRA BRILLIANT, BAY PATH BOND, STRATHMORE WRITING, STRATHMORE BOND. ENVELOPES TO MATCH CONVERTED BY OLD COLONY ENVELOPE CO.

STRATHMORE THIN PAPERS: STRATHMORE PARCHMENT ONION SKIN, STRATHMORE BOND ONION SKIN, STRATHMORE BOND AIR MAIL, STRATHMORE BOND TRANSMASTER, REPLICA.



STRATHMORE
MAKERS OF FINE PAPERS
STRATHMORE PAPER COMPANY, WEST SPRINGFIELD, MASSACHUSETTS

BETTER PAPERS ARE MADE WITH COTTON FIBER



(For more information, see last page)

MANAGEMENT METHODS

22 West Putnam Ave., Greenwich, Conn.

Publisher
Jerome W. Harris

President
William S. Kline

Editor: R. R. Conarroe
Managing Editor: Frederick Borden
Art Director: Laurence Lustig
Editorial Consultant: Leslie M. Slote
Asst. Editor: Alice Honore Drew
Production Mgr.: Argyll C. Rubin
Adv. Production Mgr.: Joan Longnecker
Editorial Assistant: Ricky Smith

Business Manager: Edwin D. Kline
Circulation: Marie La Guardia
Office Manager: Edith P. Acquavella

Dir. Advertising Sales: Charles L. Dermott
Dir. Sales Development: H. G. Hand

Advertising Offices

New York 141 East 44th Street, MU 7-0583
Advertising Sales Manager: Charles L. Dermott
Richard H. Edlund—Harrison M. Rollins—Sherman P. Laire. Office Manager: Carolyn Belinsky

Chicago 612 North Michigan Avenue, Del 7-0112
Western Division Manager: William S. Hutchings
Western Advertising Manager: Alfred A. Spelbrink John Hynes—Thomas A. Barron

Los Angeles The Robert W. Walker Co., 730 South Western Avenue, Dunkirk 7-4388

San Francisco The Robert W. Walker Co., 57 Post Street, Sutter 1-5568

Houston Ralph Runnels, 5210 Morningside Drive, Jackson 4-6633

Atlanta Gilman & Roberts, 4069 Shawnee Lane, Glendale 7-6174

A publication of
MANAGEMENT MAGAZINES, Inc.

22 West Putnam Avenue, Greenwich, Conn.
Townsend 9-8585

President and Treasurer: W. S. Kline; **Vice President:** J. W. Harris; **Vice President:** A. J. Kaiser; **Secretary:** E. D. Kline

BPA Member of Business Publications Audit

Management Methods is indexed in the Business Periodicals Index

SUBSCRIPTIONS: In United States and Possessions, one year \$5.00, Canada, one year \$6.00. Foreign subscriptions \$10.00. Single copies \$.75. When possible, back issues or tear sheets of articles will be provided. Enclose \$1 for each back issue and \$.50 for each back article requested, to cover costs of handling.

Copyright © 1958 by Management Magazines, Inc. Accepted as controlled circulation publication at Concord, N. H. Published monthly by Management Magazines, Inc., 22 W. Putnam Ave., Greenwich, Conn.

CHANGE OF ADDRESS: The publisher should be notified immediately of all changes of address. Please attach the old address label when making change of address notification.



Pagemaster provides instant contact throughout the 43-acre, 83-building plant of Parke, Davis & Co. in Detroit.

Instant paging in 83 buildings ...with Pagemaster®

You might think it's hard to keep track of a key man in the Detroit plant of Parke, Davis & Co., where 83 buildings spread out over 43 acres.

But with a Pagemaster *Selective Radio Paging System* by Stromberg-Carlson, Management can *instantly* and privately contact any individual equipped with a pocket receiver—no matter where he is, indoors or out.

You, too, may face the problem of reaching key people in a multi-building plant. Or yours may be a one-building operation. *Pagemaster is equally effective in both cases.*

Here's how the system works: your key people are equipped with transistorized pocket-size receivers. An encoder, about adding-machine size, is installed next to your switchboard. A transmitting antenna is conveniently located elsewhere on your premises.

When you want to contact an individual who may be away from his usual location, your switchboard operator sets dials on the

encoder and flips a switch. Instantly, that person's receiver—and *only* his—responds with a pleasant tone signal. He simply picks up the nearest telephone and reports. The signal automatically repeats every 20 seconds until he answers.

You can have a Pagemaster system engineered to suit the specific requirements of your operation. Receivers can be added as you need them without additional installation costs. *You can lease a system as well as buy it outright.*

For complete information, contact the Pagemaster distributor listed, by cities, in the column to the right. Or write to us at 201 Carlson Road.



Streamlined pocket receiver weighs only 7 oz.

AUTHORIZED DISTRIBUTORS

Atlanta 3, Georgia
The Lanier Co., 151-55 NW Spring

Baltimore 18, Maryland
John A. Morefield, 3120 St. Paul

Birmingham, Alabama
The Lanier Co., 2129 7th Ave. S.

Boston 15, Massachusetts
DeMambo's, 1095 Commonwealth

Buffalo 10, New York
Regal Electronics, 796 Clinton

Camp Hill, Pennsylvania
John A. Morefield Company

Canton 9, Ohio
George F. Ebel, 3017 NW Cleveland

Sanford, North Carolina
Cmmwlth Assoc., Box 1025

Chattanooga, Tennessee
The Lanier Co., 19 Patten Pkwy.

Chicago 39, Illinois
Boom Electric, 5226 W. Grand

Cincinnati, Ohio
Shaffer Music Co., 1200 Walnut St.

Cleveland, Ohio
J. J. Skinner Co., 25010 Lakeland

Columbus 8, Ohio
Shaffer Music Co., 849 N. High St.

Dallas 31, Texas
Carter Engineering, 6762 Greenville

Dayton 2, Ohio
Copp Radio Labs, 333 W. Monument

Denver 3, Colorado
Empire Radio & TV, 1100 Bwy.

Detroit 7, Michigan
C. A. Nutting, 6353 E. Jefferson

Houston 6, Texas
Audio Center, 1633 Westheimer

Indianapolis, Indiana
Shaffer Music Co., 1327 N. Capitol

Jackson, Mississippi
The Lanier Co., 130 S. President

Jacksonville, Florida
The Lanier Co., 123 W. Beaver

Kansas City 2, Missouri
Engineered Sound & Comm. Co.
18 W. 63rd St.

Knoxville, Tennessee
The Lanier Co., 1800 Grand Ave.

Los Angeles 17, California
Guardian Pacific Co., 6th & Grand

Lubbock, Texas
Radio Paging Service
503 G. Plains Life Bldg.

Memphis, Tennessee
Bluff City Dist. Co., 234 East St.

Miami, Florida
The Lanier Co., 300 NW 12th Ave.

Milwaukee 4, Wisconsin
United Organ Co., 640 W. Va. St.

Minneapolis 3, Minnesota
Stark Radio Supply, 71 S. 12th St.

Nashville, Tennessee
The Lanier Co., 212 6th Ave. S.

Nassau, New York
Hudson Associates

New Orleans 20, Louisiana
E. Emile Rackle, 3855 Airline Hwy.

New York 11, New York
Gross Distributors, 216 W. 14th St.

Oklahoma City, Oklahoma
2-Way Radio, 921 NW 4th

Philadelphia 21, Pennsylvania
J. H. Sparks, Inc., 1618 N. Broad

Pittsburgh, Pennsylvania
Hahn Radio, 700 Penn Ave.
Turtle Creek, Penna.

Portland 11, Oregon
Manchester-Chandler Co.
2915 N. E. Alberta

Richmond 6, California
Watson Communication Systems
10533 San Pablo Ave.

Richmond 19, Virginia
Cottrell Electronics Corp.
408 East Main Street

Rochester, New York
Rochester Radio Supply, 600 E. Main

Salt Lake City 2, Utah
Standard Supply, 225 E. 6th St.
P. O. Box 1047

Seattle 3, Washington
W. D. Lasater Company, 615 No. 35th St.

Spokane 1, Washington
NW Electronics, N. 102 Monroe St.

Springfield 9, Massachusetts
Valley Sound Corp., 958 State Street

St. Louis 13, Missouri
Tesco Telephone Electronic Sound
2612 N. Kings Highway

Syracuse 3, New York
W. G. Brown Sound Equip.
521-527 E. Washington St.

Tampa, Florida
The Lanier Co., 4025 Henderson

Toledo, Ohio
Warren Radio Company, 1002 Adams St.

Turtle Creek, Pennsylvania
Hahn Radio, 700 Penn Ave.

Waco, Texas
Waco Communications, 1213 Clay

Washington 5, D. C.
Tempo Electronics, 1341 L St., NW

EXPORT: Ad. Auriema, Inc.
85 Broad, New York 4

CANADA:
Hackbusch Electronics
23 Primrose Ave., Toronto, Ont.

"There is nothing finer than a Stromberg-Carlson"



STROMBERG-CARLSON
A DIVISION OF GENERAL DYNAMICS CORPORATION

Pagemaster Sales • Rochester 3, N. Y.

Electronic and communication products for home, industry and defense

(For more information, see last page)



yours

FOR THE
ASKING

These booklets—promotional and otherwise—contain ideas of possible profit to you. For free copies, simply circle corresponding key numbers on the Reader Service Card in back of issue.

FOR FREE COPIES, USE READER SERVICE CARD

Fork lift safety hints

Tips on how employees can operate fork lift trucks more safely are featured in an eight-page, two-color booklet by Lewis-Shepard Products, Inc.

Fully illustrated with a series of cartoon-type drawings, the booklet not only points out specific safe operating practices, but actually serves as a guide in setting up a fork lift truck driver training course.

Topics discussed: selecting operators, classroom instruction, driving instruction and maintenance responsibilities of the training operator.

For a free copy, circle number 621 on the Reader Service Card.

Hand lift trucks

Mechanical and hydraulic hand lift trucks—what they are, how they operate, how to select them and how to use them—are explained in full in a 16-page booklet.

The booklet's purpose is educational; it does not attempt to sell the product of any one manufacturer. It is published by the Association of Lift Truck and Portable Elevator Manufacturers.

Both skid type and pallet type hand lift trucks are described. Basic principles of lifting mechanisms are reviewed: single- or multi-stroke mechanical, or hydraulic.

For a free copy, circle number 622 on the Reader Service Card.

Copying machines

Photocopy machines serve as an executive convenience and as cost savers in paperwork systems. How such machines save time and money in purchasing, sales, production, advertising and other departments is described in a new 16-page illustrated booklet by Eastman Kodak.

Titled "Verifax Copying—Versatile

Time-Saver for Busy Offices," the booklet describes in capsule case histories how firms from trucking to construction put photocopy machines to profitable use.

For a free copy, circle number 623 on the Reader Service Card.

Sales speakers available

Men like Board Chairman Alfred C. Fuller of Fuller Brush Co. are among a new list of sales-minded executives available for speaking assignments at sales meetings and other business or civic functions.

The list, published as a 12-page booklet, comprises the "Speakers Bureau" of the National Association of Direct Selling Cos. It fully identifies each of 50 available speakers, indicates his location and chief speaking topics, and whether or not a fee or expenses are involved.

Included in the booklet: Glenn R. Fouche, board chairman, National Sales Executives, Inc.; Stephen Sheridan, assistant to the president of Electrolux Corp.; Brownie Wise, vice president, Tupperware Home Parties; H. A. Schatz, sales manager of Kitchen Craft Co.

For a free copy, circle number 624 on the Reader Service Card.

How much filing costs

How much does the filing operation in your company cost? A new manual by Remington Rand will give you a close estimate—as well as a detailed plan of action for cutting filing costs and improving efficiency.

Among the practical tools provided are formulas for measuring "finding efficiency," "filing reference rate," and "file clerk efficiency." A list of 19 check points is included to help you uncover the strengths and weaknesses of your filing operation.

An easy-to-use reference chart provides at a glance the cost of operating

a four-drawer file, depending upon the average salary of file clerks, and the average number of files handled by each clerk.

The 28-page manual is titled, "How to measure your filing costs and efficiency."

For a free copy, circle number 625 on the Reader Service Card.

How to protect drawings

Engineering drawings require safeguarding. A new, comprehensive system for duplicating, filing and safeguarding these drawings is set forth in a booklet by Recordak Corp.

Employing 35mm microfilm, the program condenses engineering drawings to card-file simplicity and accessibility, establishes both a security file and reference file, facilitates distribution of prints, and, says Recordak, results in dramatic dollar-savings in engineering manhours.

The program can easily be adapted to meet the individual requirements of any organization, regardless of size, that faces the problem of controlling engineering drawings.

For a free copy, circle number 626 on the Reader Service Card.

Wall and ceiling panels

Plastic-finished wall and ceiling panels which faithfully reproduce wood and marble appearance are described and specified in an eight-page full-color folder by Marsh Wall Products, Inc.

Described and illustrated are hard-board panels, tongue-and-groove planks and blocks, and a rigid hollow-core paneling that is applied directly over framing or furring without backing materials. Installation accessories are also included. Seven wood grains and five marble patterns are shown.

For a free copy, circle number 627 on the Reader Service Card.

NOTE: Other editorial items and most advertisements in this issue are key coded for your convenience. Use Reader Service Card to request additional details.



Add New Information to Original Worksheets; Make Updated Copies Mechanically!

1. Enter new or variable information on the original form or worksheet printed on ordinary translucent paper.
2. Make sharp, black-on-white, "photographic" copies of the updated original in your Bruning Copyflex copying machine—in just seconds. Any number can be made, and at less than a penny each for materials for the 8½ x 11" size.
3. To re-issue the report, with new or additional information, simply add this information to the original translucent form or worksheet and make new Copyflex copies.

That's it — with modern Bruning Copyflex copying machines! No rewriting or retyping of basic or repetitive information from one form to another. No clerical

copying errors. No proofreading. You free personnel for other vital work; get reports out days earlier.

You can apply Copyflex to almost any accounting or systematized paperwork in your business. And any one in your offices can make Copyflex copies. Just place the translucent original on a sheet of sensitized Copyflex paper and feed both into the copying machine. A sharp, black-on-white copy (or color-tinted, if desired) emerges in seconds. Machines are clean, quiet, and odorless — ideal for office use. They are available with copying widths up to 54" and are priced as low as \$555 for the handy table model shown above.

Use the coupon below to get your copy of our 16-page booklet that fully describes how Copyflex can save you thousands of dollars annually in time and work in major accounting operations.

BRUNING
Copyflex

— — — Send for Your Free Copy! — — —

Charles Bruning Company, Inc., Dept. 22-F
1800 Central Road, Mount Prospect, Ill.
Offices in Principal U. S. Cities
In Canada: 105 Church St., Toronto 1, Ont.

Please send me my free copy of the 16-page booklet, "Shortcuts to Accounting"

Name _____ Title _____

Company _____

Address _____

City _____ County _____ State _____



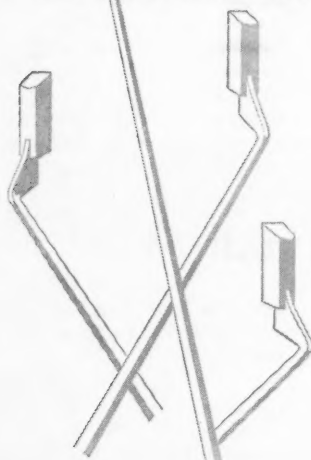
LETTERS

JUST

LOOK

BETTER ...

when typed on Old Deerfield Bond, the better business paper. A 50 per cent cotton content bond, Old Deerfield has a long-standing reputation for top quality and value. Make that "first impression" a good one -- insist on better-looking letters on OLD DEERFIELD BOND.



**OLD
DEERFIELD
BOND**

Better papers are made with cotton fiber.

MILLERS FALLS PAPER CO. • MILLERS FALLS, MASS.

point and counter point



LETTERS TO THE EDITOR

Bankers on the board

SIR: Regarding your January issue article, "Should you have a banker on your board?" I'd like to say that the negative characteristics mentioned for bankers as directors apply with equal or even greater force to any other business or professional people. Conflicting interests, domineering personalities and so forth are not the exclusive possession of bankers. They are characteristics of *individual* directors, and aren't indicative of a man's calling.

A recent study on "What Bankers Think of Themselves" brings out some interesting comparisons on the attitude towards banks and bankers. A report of the study was presented by Leo Burnett, chairman of a Chicago advertising agency (bearing his name) at the Financial Public Relations Association convention and was reported in the December 30, 1957 issue of *American Banker*.

The study was conducted among three groups of people: 1) bank officers; 2) a public sampling of men and women; and 3) advertising agency executives.

The survey participants were provided with six cards, each bearing the name of a business or professional category: banker, manufacturer, doctor, college professor, insurance salesman, and advertising man.

The participants were then provided with a list of 10 personal characteristics, and, for each of these char-

acteristics, they were asked to arrange the cards in the order they would rate a man from each of the six business or professional categories.

The results were interesting, particularly as they pertained to bankers (*see box*).

I have placed an asterisk next to some of the personal factors. These, in my opinion, are among the more important characteristics to be considered in the selection of corporate directors, and they indicate some of the qualities that bankers could be expected to bring to a board. It seems desirable that each board should be made up of individuals representing a good cross-section of the business and professional community.

It seems to me that in the matter of selecting corporate directors, it is a better idea to base judgements on a consideration of the individual's personal qualifications, rather than on generalizations regarding his affiliation with any particular industry or profession.

WILLIAM L. BARTON

ASSISTANT VICE PRESIDENT

EAST RIVER SAVINGS BANK, NEW YORK

Advanced planning

SIR: The survey reported in your January issue confirms the fact that management has not awakened to the benefits of long range planning.

Look at your survey. Only 18% of the companies claim to have formal advanced plans. The 30% who say they have no advanced plans are at least being honest with themselves; the 52% who say they have "informal" advanced plans are just kidding themselves. Only by formally organizing the planning effort can a company hope to have the planning produce profits.

Advance planning is a primary responsibility of the company president; this primary responsibility cannot be assigned to an assistant, another ex-

BOX SCORE: how bankers rank

Factors	Public's Opinions	Bankers' Own Views	Adv. Men's Opinions
*Honesty (compared with most men)	3rd	1st	3rd
*Carefulness (everything just right)	2nd	1st	1st
*Intelligence (more than most men)	3rd	3rd	4th
Contributions to welfare of society	4th	3rd	3rd
*Prestige	1st	1st	2nd
Wealth	3rd	4th	3rd
Sharpness and cleverness	3rd	4th	4th
*Pride	1st	2nd	1st
*Creativeness (new ways of doing things)	3rd	4th	6th
Interesting personality	5th	4th	5th



Here's why
you'll be
happier
with "those
heavenly
carpets
by
Lees"[®]

Lees... the leader in contract carpet!

1. Best quality. Lees Carpets are made from the finest carpet wool. Durable nylon can be added to give increased wear in high traffic areas.

2. Best prices. Lees dealers will give you the most value per dollar in contract carpet, anywhere at any time.

3. Broadest line. Lees brings you the widest selection of colors, patterns and textures in the business! Special designs made to order to suit your particular needs.

4. Superior service. Lees service is second to none—thanks to Lees carefully selected local dealers.

5. Long experience. Lees offers you the know-how of more than 100 years' experience in the carpet yarn business.

6. Finest modern mills and methods. Lees carpets are made on the newest, most efficient looms in use today.

7. Top designers. Lees heavenly carpets are famous for style—the smartest colors and patterns in the industry.

LOOK AT THE NAMES THAT LOOK TO LEES FOR CONTRACT CARPET: Sherry Netherlands Hotel
The Dinkler Hotels • The Coca-Cola Company • S. S. United States • Lord & Taylor, N.Y.C.

To solve your carpet problem contact Lees Commercial Division, Bridgeport, Pa., or offices in principal cities.

(For more information, see last page)



LAMSON

pioneers the conquest
OF INNER SPACE

AUTOMATIC AIRTUBE SYSTEMS

give telephone speed to paperwork

We're not planning to send Airtube carriers to the moon. But we do know a lot about *inner space*—the space enclosed by the walls and ceilings of your offices and plant. We know too, that as businesses expand, communications between offices and departments often become sluggish and uncertain. Perhaps you've noticed—and criticized—unwarranted delays in handling paperwork in your operation.

For large spaces or small, Lamson Automatic Airtube Systems deliver correspondence, punch cards, drawings, samples, tools and small parts with telephone speed. Each carrier automatically selects its proper destination, saving men, minutes and money.

The Lamson field engineer in your area will gladly make a study of your operation, at no cost to you. Write us.



LAMSON CORPORATION

202 Lamson Street, Syracuse 1, New York

Plants in Syracuse and San Francisco • Offices in All Principal Cities

Manufacturers of Pneumatic Airtube® Systems • Selective Vertical Conveyors • Food Service Systems

*Trade Name

ecutive, a committee, or a consultant. All of these other people can help the president—to gather facts and plan for the planning—but the real responsibility must remain with the top man.

True planning, by the way, is a living instrument. It must be revised regularly—with projections kept at least five years ahead in general, two years in detail. A good plan never gets out of date because it has automatic revision built into it.

We are glad to note that 72% of the companies you interviewed admit that they are not doing as much planning as they should. This is progress. The pressure of their competitors who are planning will soon speak far more eloquently than any magazine or consultant to convince companies of the benefits of true planning.

BRUCE PAYNE
BRUCE PAYNE & ASSOCIATES
WESTPORT, CONN.

Aid to education

SIR: . . . your clarion call in the January issue of *Management Methods* for businessmen to rally to the cause of our schools is one that I hope many businessmen will heed.

You point out many ways in which business can participate. All the recommendations are valid and sound, and should be participated in.

However, every company, over and above this, should realize that it has a financial stake in education. While many companies now recognize that this is part of the social responsibility of business, it is not yet a widely enough accepted concept. Firms like Sears, Roebuck, the B.V.D. Co., Inc., etc., have well-developed plans to help education. It is essential that more managements realize that they have the leeway in their tax structure to spend money for education, and by not doing so they are following a short-sighted policy.

I hope that businessmen will read your article and take it to heart, because in the last analysis, if our schools fail our social structure and business will also fail.

HARRY C. ISAACS, VICE PRESIDENT
THE B.V.D. COMPANY, INC.
NEW YORK 16

REPRINTS AVAILABLE

Heavy response to last month's article, "How to popularize your annual report," has resulted in a supply of reprints being made available. Single copies or small quantities can be obtained on request. Address the article's author, Dr. Solomon Balsam, Contempo Agency, Inc., 551 Fifth Ave., New York 17.

WANTED: *Man on his way to a directors' meeting with an open mind about Electronic Data Processing*



Possibly at today's meeting, management will bring up the problem of paperwork indigestion.

This opens up the whole subject of electronic data processing. Top level thinking is needed for the decisions in this area. A large investment is involved.

If you read one paragraph further, you will be able to contribute a most important fact to the discussion.

The great new advance in large-scale data processing is Honeywell's DATAmatic 1000. Any organization that wants the newest, fastest, shrewdest thing in a giant electronic brain should have the facts on this latest achievement of Honeywell engineering.

If you are an engineer or scientist, yourself, you may want to get into the electronic "hows" and "whys" of DATAmatic 1000, to check personally on its record-breaking speed and unequalled capacity. You surely will want to know about this new brain's sizable advantage in true cost.

Detailed analysis properly belongs to an electronic data processing investigating committee. Honeywell hopes its tests will be the toughest possible.

Top management need bear in mind only this one point: *consideration of any large-scale data processing program is incomplete without the facts on DATAmatic 1000.*

Our applications engineers will be glad to discuss your problems. Write to Walter W. Finke, President, DATAmatic Division, Dept. M2, Newton Highlands 61, Massachusetts.

Honeywell



DATAmatic

ELECTRONIC DATA PROCESSING

(For more information, see last page)

**Friden Creates
A New World
For Business**

The challenge of Friden *Tape-Talk* is big as your imagination

If you can imagine an Automatic Office, Friden can deliver it *now*!

That's the authentic, down-to-earth miracle Friden builds into machines that write, read and calculate with *punched paper tape*!

To benefit by this miracle, your mind must open to radical change—from familiar, standard methods of handling paperwork to automatic systemizing by Tape-Talk.

Friden promises this: In exact proportion to the degree of office

automation you wish to achieve, Friden Tape-Talk machines will (1) Eliminate need for manual movements and operator decisions; (2) Increase work volume output without increasing payroll costs or overtime; (3) End primary and compounded errors normally occurring in data recopying.

Call your nearby Friden Man or write Friden, Inc., San Leandro, California...sales, instruction, service throughout U.S. and the world.

© Friden, Inc.

Computyper®
Automatic tape
billing department in one desk

Add-Punch®
Automatic code tape
adding-listing machine

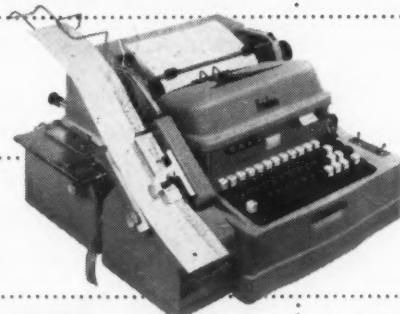
Compu-Punch®
Automatic calculator-tape
punch combination

**Automatic Input-
Output Machine**

Selectadata®
Automatic tape
reader-selector-sorter

Teledata®
Automatic tape
transmitter-receiver

Justowriter®
Automatic justifying
type-composing machine



Flexowriter®
Automatic tape
writing-accounting machine

Friden fully automatic
Calculator—
The Thinking Machine of
American Business

Friden
Natural Way
Adding Machine

Friden
has the System

(For more information, see last page)

"WHY so much industry prefers to locate in DEBT-FREE INDIANA"

DIRECTOR, INDIANA DEPARTMENT OF COMMERCE
333-G, STATE HOUSE
INDIANAPOLIS, INDIANA

Dear Sir:

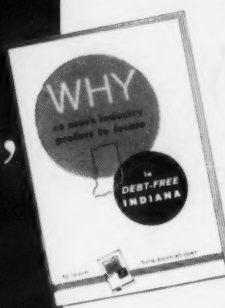
Please send me a copy of your new 40-page brochure.

NAME _____

ADDRESS _____

CITY _____

STATE _____



*FREE...
just off the press
...this 40 page
brochure!*

**INDIANA IS
COMPLETELY
DEBT-FREE!**

**OTHER State
and Local
Governments are
BILLIONS IN DEBT!**
(up 200% in 10 years)



**INDIANA'S
CONSTITUTION
FORBIDS**
Bonded State Debt

IN INDIANA...
New Industries
DON'T pay
yesterday's bills!

**INDIANA'S
"Right-to-Work" Law**
IS THE FIRST ENACTED BY
A MAJOR INDUSTRIAL STATE

NO corporation tax
NO manufacturer's tax
NO net worth tax
NO value-added tax

NO penalty tax
NO "use" tax
NO sales tax
NO "nuisance" tax

ONLY 1
Indiana Tax-Rate Increase
in 26 years
(AND NO MORE CONTEMPLATED)

**INDIANA
IS NOW THE
CENTER OF
almost EVERYTHING**



**115 MILLION
PEOPLE
WITHIN
575-MI. RADIUS**
**CENTER OF
AMERICAN MARKET**



**HOW
INDIANAPOLIS**
**CENTER OF
U. S. MANUFACTURING**



**INDIANA is literally the
"CROSSROADS
of the NATION"**



IN INDIANA
**YOU CAN'T BE
MORE THAN 25 MILES
FROM A COLLEGE!**

**60 COLLEGES,
UNIVERSITIES**
and Extension Centers
...including top-ranked
engineering schools

**"PROOF
of the
PUDDING"**
is Industry's **RESPONSE**
to "The Indiana Story"



**7 NEW PLANTS A
MONTH IN INDIANA**
April '55 - May '57
and **10 A MONTH**
for the past year

and **ONLY 1 PLANT**
HAS **LEFT INDIANA**
...FOR EVERY 100
WHICH HAVE COME IN

INDIANA IS
1st IN ITS AREA **↓** **2nd** IN THE NATION
in per capita
NEW-PLANT BUILDING
(\$1.7 billion 1954-'57 • 6.5% of U.S. total)

On a per capita basis:
**INDIANA OUTRANKS
THE STATES WHICH ADD
THE LARGEST TOTAL
VALUE TO GOODS
BY MANUFACTURE**

When **YOU** plan a plant
Remember
**DEBT-FREE
INDIANA**

(For more information, see last page)



How Do **You** Provide **Extra Seating** for **VIP'S** and **guests** in your office?

Do the extra seating facilities of your office reflect the prestige of your business? Can you provide "Reserve Seats" for important business associates and customers in your executive offices—chairs that take little storage room but are handsomely upholstered, scientifically de-

signed for extra comfort and strength, decorator-designed for lasting beauty? Clarin brings you a new concept in seating arrangements—luxurious comfort combined with flexibility and mobility. Write for your copy of Clarin's free "Reserve Seat" brochure.



Send For This Case Study Today
6-page color brochure tells "How a Chicago Executive Office Provides RESERVE SEATS for Visitors and Employees." Read how Clarin offers extra seating with a prestige look—backed by a ten-year guarantee stamped in steel!



(For more information, see last page)

Tax Quiz RECENT COURT CASES

By Benjamin Newman

Tax Attorney, Koenig and Bachner, New York.

THE QUESTION

Is the sale of stock in a publicly-owned corporation by a husband through a broker member of the New York Stock Exchange, and the purchase by his wife in the open market of stock in the same corporation, the equivalent of a sale by husband to wife?

THE FACTS—A husband and wife, who individually owned stocks which had declined in value, wished to secure the benefit of deductible tax losses by selling their respective securities. At the same time they did not want to lose control of the securities. They could not sell the stock to each other because, under the Internal Revenue Code, losses on sales between members of a family are disallowed. They worked out a plan in which each bought in the open market an identical number of shares of the same stock owned by the other, and on the following day sold on the market the shares originally owned. In the case of one security, the transactions were carried out through brokers on the New York Stock Exchange, and in the case of the other security on the "over-the-counter" market. The identities of the persons selling and buying

from the couple was never actually known.

The Commissioner of Internal Revenue disallowed the capital losses the taxpayers claimed on their joint return.

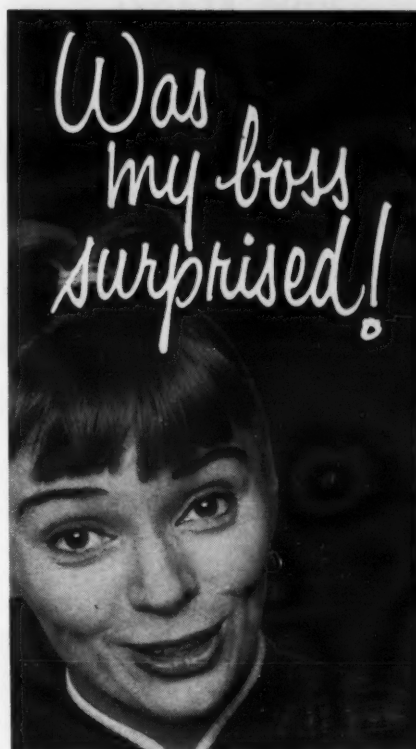
THE RULING—The U. S. Tax Court in upholding the Commissioner's disallowance claimed that the purchases and sales were parts of a single prearranged plan of which the result amounted to an indirect sale between members of a family. Disallowing losses on sales between related interests, whether made directly or indirectly, does not depend upon the simultaneous execution of the purchase and sale. The application of the Code is not limited to a fixed number of methods of creating losses. (*John B. and Gwendolen N. Shethar v. Commissioner of Internal Revenue, U. S. Tax Court, decided Sept. 25, 1957.*)

THE QUESTION

Is a Reserve for Bad Debts deemed income to a corporation at the time it liquidates?

THE FACTS—Taxpayer corporation, after having been in business numerous years, decided to terminate its venture, liquidate the corporation and distribute the remaining assets to stockholders after paying the corporate obligations. In accordance with the plan of liquidation, the corporation sold its assets, including the accounts receivable,

at face value. There still remained on the books of the corporation a Reserve for Bad Debts which had at all times been reasonable and necessary and which had been accumulated by taxpayer by annual additions. Taxpayer had derived tax benefits every year from the additions to the Reserve for Bad Debts inasmuch as they were at



when he found what hand-collating was costing him!

Recently the Macey people made a complete study of how much time we spent hand-assembling manuals, forms and reports in our office. Until then the boss had never realized how much it cost him to have skilled help walking around a table sorting out sets of papers.

Now (thanks to my boss) we have a Macey Collator. One girl and the Macey do more work than eight of us used to.

No errors! No overtime! No wasted help! Our Macey will soon finish paying for itself.

If you're still collating by hand, get in touch with Macey!



MACEY COMPANY

A Subsidiary of Harris-Intertype Corporation

5350 West 130th St., Cleveland 30, Ohio

- ☐ Send me your booklet showing how other companies are saving money with a Macey.
- ☐ We want, without obligation, a free study made of all our hand-gathering operations.

Name _____

Company _____

Address _____

City _____ Zone _____ State _____

(For more information, see last page)

NOW READY!

The new Fourth Edition of MOTION AND TIME STUDY

By **RALPH M. BARNES**

University of California,
Los Angeles

A sound and authoritative guide, thoroughly revised to bring you the very newest material in the field of motion and time study. In this lucid presentation of principles, cases, and problems based on the author's vast industrial experience, you will find: the best and most modern theory and practice; complete coverage of Work Sampling; important background information on electronic data processing equipment; all known systems of motion data; *plus* completely new chapters and illustrations.

1958 665 pages illus. \$9.25

Send for your **ON-APPROVAL** copy now!

JOHN WILEY & SONS, Inc. MM-18
440 Fourth Ave., New York 16, N. Y.

Please send me a copy of **MOTION AND TIME STUDY** to read and examine **ON APPROVAL**. Within 10 days I will return the book and owe nothing, or I will remit \$9.25, plus postage.

Name.....

Address.....

City.....Zone.....State.....

☐ **SAVE POSTAGE!** Check here if you **ENCLOSE** payment, in which case we pay postage. Same return privilege, of course.

(For more information, see last page)

HERE'S A MADE-TO-ORDER GOODWILL SALESMAN!



Your trademark or product reproduced in a handsome and practical I & R miniature becomes a round-the-clock salesman for you wherever it's worn or used.

Let us show you how Irons & Russell craftsmen can add tremendous selling power to your trademark or product. Write today for further information.

IRONS & RUSSELL COMPANY
INDUSTRIAL DIVISION

Emblem Manufacturers Since 1861

95 Chestnut Street, Providence 3, R. I.

(For more information, see last page)

the same time deductions from income taxes.

Now that the corporation is liquidating, should the Bad Debt Reserve balance be deemed income, in the year of liquidation?

THE RULING—In the Revenue Ruling 57-482, the Commissioner of Internal Revenue ruled, based on the foregoing facts, that such Bad Debt Reserve balance does constitute ordinary income to the corporation. Since the need for maintaining the reserve ceased when the taxpayer disposed of its accounts receivable, the corporation must report its unused Reserve for Bad Debts in its final tax return as ordinary income.

THE QUESTION

Are corporate expenditures which have been used for the personal benefit of a taxpayer who owns the controlling stock in the corporation taxable as dividends?

THE FACTS—In 1946 the taxpayer and his partner organized a corporation. In 1948 the taxpayer sold his entire interest, but a year later he acquired 100% of the stock in the corporation. During the period when the taxpayer was a stockholder, an undisclosed amount of receipts from sales was neither recorded nor reported on the corporate income tax returns. Corporate receipts were used for personal expenses.

The Commissioner of Internal Revenue assessed tax deficiencies and fraud penalties against the taxpayer, contending that certain sums spent by the corporation were solely for the taxpayer's benefit and were, in effect, dividends. The taxpayer argued that the sums were corporate investments and loans to him as stockholder.

THE RULING—The court ruled that the burden was on the taxpayer to show that the Commissioner's determination was arbitrary and invalid. The taxpayer failed to do this and the assessment was upheld. (*Koyl v. Commissioner, U. S. Tax Court Memo 1957-130, decided July 17, 1957.*)



THE PENNSYLVANIA PLAN:

100% financing for your new plant

Complete financing for Lease-Purchase of a new plant is available in labor-surplus areas of Pennsylvania through combined efforts of lending institutions, non-profit community organizations and the Pennsylvania Industrial Development Authority. Interest as low as 2%, with deferred amortization, can be applied on up to one-half of total plant cost.

100% financing is also available in other areas of the State, provided by community organizations, banks, insurance companies and other sources. You select the community you want. You specify plant construction details or choose one

of several plant "shells" now being readied for completion.

100% Financing at a glance... Industrial Plant Construction Costs—

Subscribed by local non-profit community sponsored builder-owner corporations. 20%

2nd Mortgage Loan, Pennsylvania Industrial Development Authority. 30%

1st Mortgage Loan obtained from banks, insurance companies and similar lending institutions. 50%

Total financing, secured through local subscriptions and mortgage loans, without cash investment by the manufacturer. 100%

For free copy of "Plant Location Services" pamphlet, or for details on 100% financing, write or call:

Pennsylvania Department of Commerce
Main Capitol Building
1043 State Street, Harrisburg, Pa.

(For more information, see last page)

*your company is judged
by the office you keep!*



Cole's Modular Steel Desks . . .

With good office space at a premium, expanding firms are using Cole Steel to gain greater per square foot efficiency out of existing quarters.

Cole Modulares are designed with interchangeable tops, panels and pedestals . . . in a wide range of sizes and colors to meet changing office needs.

Create a "new look" for your office—with Cole.

COLE STEEL

Send for our latest catalog



Cole Steel Equipment Co., Inc. • 415 Madison Ave., New York 17, N. Y. • Canada: 329 Dufferin St., Toronto, Ont.

What's happening to top executive

Although patterns vary widely in different companies, a new study shows the over-all level of top management compensation to be up 5.1%.

From a new study come these key findings about top management compensation:

■ Compensation levels for top men have continued on a rising trend.

■ Economic conditions have a direct (although sometimes de-

WHAT THEY SAID

New study shows how sales and profits affect top executive compensation. Figures here show average of increase or decrease over preceding year.

OVER-ALL INDUSTRY

sales & revenues
 up 7.8%

net profits
 up 5%

top executive compensation
 up 5.1%

DURABLE GOODS MFG.

sales & revenues
 up 5.4%

net profits
 down 6%

top executive compensation
 up 3.1%

NON-DURABLE GOODS MFG.

sales & revenues
 up 7%

net profits
 up 10.1%

top executive compensation
 up 6.2%

On an over-all basis among companies surveyed, here is the pattern of change that has taken place in profits and top executive compensation since 1952.

1952

profits
 down 2.4%

top executive compensation
 up .6%

1953

profits
 up 8.3%

top executive compensation
 up 5.2%

1954

profits
 up 4.1%

top executive compensation
 up 1.8%

1955

profits
 up 24.8%

top executive compensation
 up 5.9%

1956

profits
 up 5%

top executive compensation
 up 5.1%

paychecks

layed) impact on compensation for policy-making executives.

■ Relatively fewer top executives have been getting salary increases than have middle management men.

■ A majority of top executives now get a portion of their income from bonuses, incentive pay or profit sharing, rather than from salary alone.

■ An even larger number get part of their compensation in the form of company contributions to a retirement plan.

The American Management Association recently announced completion of its eighth annual survey of top management compensation. It covered 35,000 high-ranking executives in more than 3,800 companies of all sizes and types in the U. S. and Canada. Time period covered was essentially the calendar year 1956, but fiscal years closing as late as July 1957 were included.

AMA holds the full findings of its survey confidential, making the 285-page report available only to subscribers to its high-priced Executive Compensation Service. A few of the over-all facts and figures, however, have been made known (*see chart*).

Top executive pay up 5.1%

On an over-all basis, the level of top management compensation went up 5.1% during the period studied over the preceding year. This resulted from a 4.4% gain in salaries, 8.8% in amount paid under bonuses and incentives and a 4.1% rise in company contributions to retirement funds. These figures, of course, are merely over-all averages and in many cases have little or no resemblance to individual industry patterns or individual company practices.

Least startling of the survey findings is the clear indication that top

Now!
a simple
multiplying
10-key
listing
machine



Comptometer
Comptograph
"220M"

6 new features
make figuring easier...

NEW Multiplication Key—electric short cut multiplication . . . even prints both factors and answer on two easy-to-read lines.

NEW High Speed—220 cycles per minute. Over 30% faster than most other 10-key listing machines.

NEW Dual-Purpose Lever—converts from multiplying to straight adding. 11-digit listing—13 totaling capacity.

NEW Color—smart "Autumn Tan." Easy on the eyes—blends with modern office decor.

NEW Variable Space Control—adjusts for single or double spacing.

NEW More Flexible Keyboard—accepts new figures faster.

Plus these wanted features—Exclusive Automatic Visi-Balance Window—Single Cycle Keys—Portability—Two Color Printing—Quiet Rotary Action—Streamlined Styling—Concealed Paper Roll.

COMPTOGRAPH
"220M"

figures faster than you think



Add up the features: You'll know why there's greater speed and accuracy—lower-cost operation—with Comptometer Comptograph "220M." It's the world's finest all-electric 10-key listing machine. Prove it on your own work. FREE. Mail Coupon today.

Comptometer Corporation / BETTER PRODUCTS TO BETTER BUSINESS



New Comptometer Customatic—World's fastest way to figure . . . now faster than ever. Try it FREE on your own work. See for yourself.



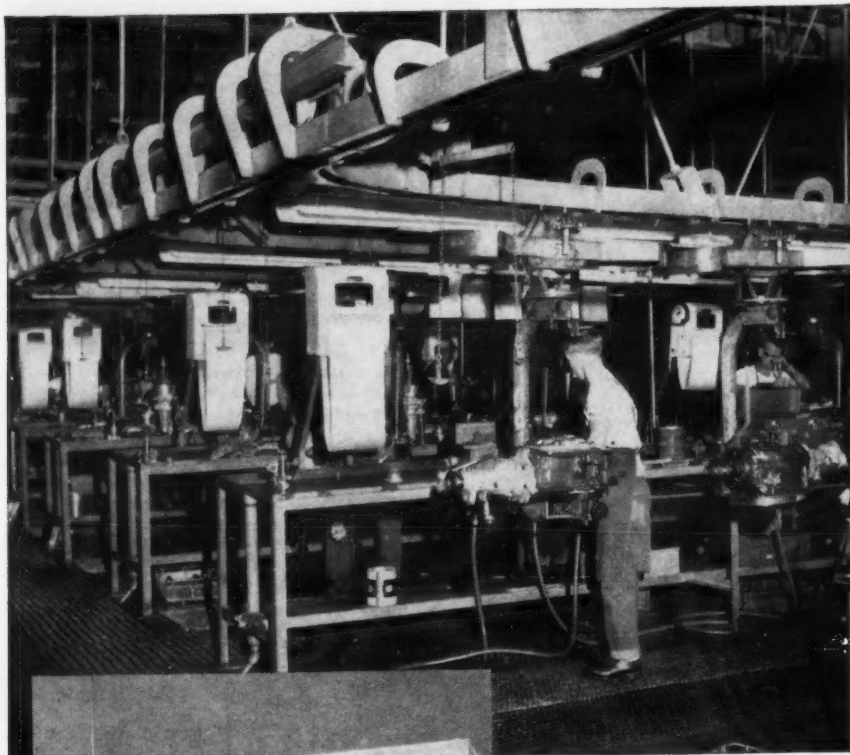
Comptometer Commander—Insures accuracy in dictation. Lifetime Magnetic belt saves far more than machine costs. See for yourself.

Comptometer Corporation
1712 N. Paulina St., Chicago 22, Ill.
In Canada: Canadian Comptometer, Ltd.
705 Yonge Street, Toronto 5, Ontario
☐ Arrange free office trial for me on:
☐ Send me literature on:
☐ Comptometer Comptograph "220M"
☐ Comptometer Customatic
☐ Comptometer Commander

Name _____
Firm _____
Address _____
City _____ Zone _____ State _____

(For more information, see last page)

Chrysler Corporation uses COTTON* Toweling "on the line"



*Fairfax Toweling used by Chrysler Corporation is supplied by Mid-West Towel and Linen Service, Muncie, Ind.

• One of the most important factors in the final assembly and testing of automatic transmissions is cleanliness. So essential is the elimination of foreign matter that at Chrysler Corporation's Kokomo, Indiana, automatic transmission plant, continuous cotton toweling is used throughout the final assembly area and test sections. It is available at job locations, to keep cleanliness high, and save time.

Cotton is doing a job in many ways, in many different kinds of industries. Cotton towels and toweling help improve employee relations with their softness and comfort. They reduce maintenance costs, help keep washrooms neater. And reduced fire hazard is an important plus.

Why not look into the advantages of cotton in your plant, building or institution? For information on cotton towel service, write Fairfax, Dept. R-2 65 Worth St., New York 13, N. Y.



Here's How Linen Supply Works...

You buy nothing! Your linen supply dealer furnishes everything at low service cost—cabinets, pickup and delivery, automatic supply of freshly laundered towels and uniforms. Quantities can be increased or decreased on short notice. Just look up LINEN SUPPLY or TOWEL SUPPLY in your classified telephone book.

Clean Cotton Towels...

Sure Sign of Good Management

Fairfax Towels



WELLINGTON SEARS COMPANY, 65 WORTH STREET, NEW YORK 13, N. Y.

(For more information, see last page)

management compensation levels are closely correlated with size of company and complexity of the industry. Thus a man in a large company or a highly competitive industry is likely to be paid more than his counterpart in a smaller firm or an industry where the competitive pressure is lower.

Size affects influence

Another influence on top management compensation is the size of the executive group. For example, AMA included in its latest compensation study a group of smaller firms with annual sales ranging from less than \$1 million up to \$10 million. It was found that in such firms managed by two officers, and with about \$1 million invested capital, total compensation averaged \$45,000—or \$22,500 each. For the median firm in the small-company group studied, the average capital invested was about \$2.5 million, officers numbered five and the aggregate compensation was slightly over \$100,000, or about \$20,500 per officer. Although the aggregate compensation increased almost directly with the number of officer positions, the average per officer level decreased accordingly.

Industry differences

AMA's detailed study of individual segments of industry shows a variety of compensation patterns. The chart on page 18 gives a partial illustration of these differences. Whereas the study showed a 5.1% increase in top executive compensation for over-all industry, for durable goods manufacturing the gain was only 3.1%, and for non-durable goods manufacturing the gain was 6.2%.

The chart also shows that compensation is at least partially influenced by sales and profits, particularly profits. The 5.1% increase in top executive compensation for over-all industry is related to a 5% gain in net profits. For durable goods manufacturing, the smaller 3.1% compensation gain is related to a 6% downturn in net profits. In non-durable goods, the compensation increase was double that in durable goods, related to the solid 10.1% gain in net profits.

Not all of the top executives in the study, of course, got a salary

You can tell a Verifax Copy blindfolded!



A Verifax Copy has that "letter-head feel"—is not tissue-thin or glossy. It's dry . . . ready to use, file, or mail as soon as it's made. And it's as lasting as any typed record.

You get these *more usable* copies fast as you need them with a Kodak Verifax Copier. *5 copies of anything in 1 minute for just 2½¢ each!* And what's mighty important in business, too,

these copies are complete and accurate. Signatures, notations made with any pen, pencil, crayon—even those purple duplicator copies—are a snap to copy.

As for versatility, no other copier comes close to matching a Verifax Copier: You can make copies on both sides of a sheet, on card stock, on printed office forms, on translucent "masters" for use in white-

print machines. You can even make an offset master in 1 minute for less than 20¢ with a simple adapter.

Free booklet describes 101 uses in thousands of offices—shows how savings in typing and dictation alone can pay for your Verifax Copier the first month. Mail coupon or call Verifax dealer, listed in "yellow pages" under Photocopying or Duplicating Machines.

Prices quoted subject to change without notice



Verifax Copier, Letter Size, costs only \$240. Other models \$148 to \$395.

Verifax Copying

DOES MORE... COSTS LESS... MISSES NOTHING

.....**MAIL COUPON TODAY**.....

EASTMAN KODAK COMPANY, *Business Photo Methods Division*
343 State Street, Rochester 4, N.Y.

Gentlemen: Please send free copy of your new booklet,
"Versatile Time-Saver for Busy Offices."

197-2

Name _____ Position _____

Company _____

Street _____

City _____ State _____

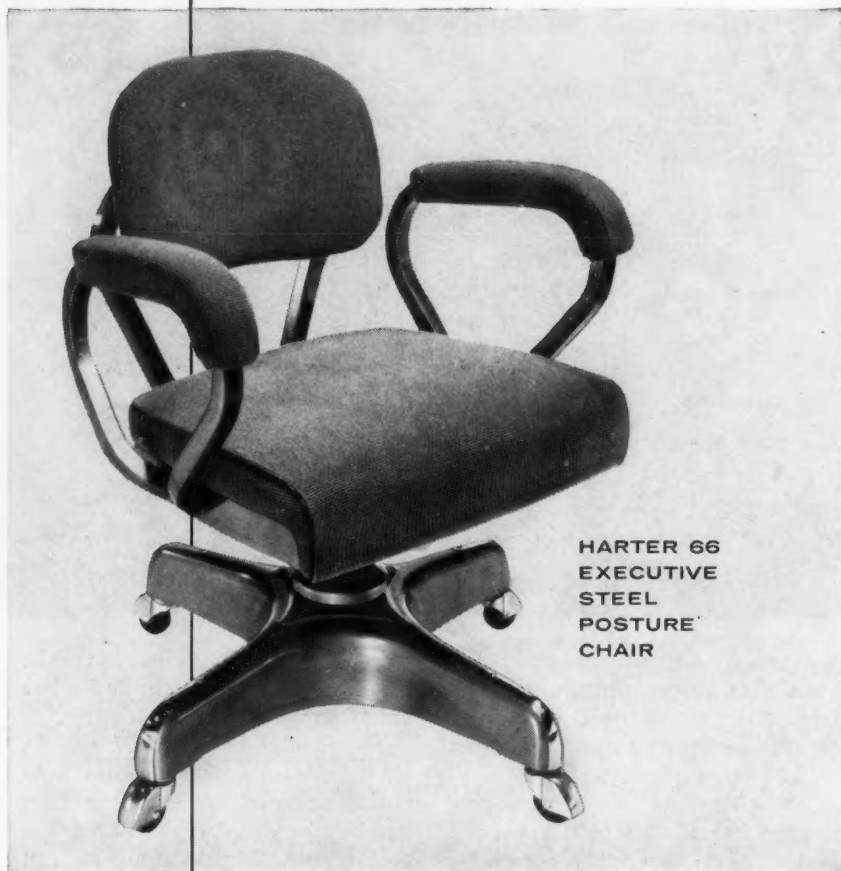


Kodak
TRADEMARK

(For more information, see last page)



WORK WITH LESS TENSION



HARTER 66
EXECUTIVE
STEEL
POSTURE
CHAIR

The right chair eases stress and tension. The Harter 66 is that kind of chair. Correct posture design and precise handwheel adjustments fit the 66 to *your* body. Foam rubber cushions in seat, back and arms give cool comfort. The deep, molded seat is gently rounded to avoid harmful pressure to vulnerable nerves and arteries under your knees. Have a 66 fitted to you and start feeling "alive" at the end of each business day.

Write for informative booklet, *Posture Seating Makes Sense*. We'll send name of your nearest Harter dealer.

Harter Corporation, 206 Prairie St., Sturgis, Mich.
In Canada: Harter Furniture, Ltd., Guelph, Ontario



HARTER POSTURE STURGIS, MICHIGAN CHAIRS

(For more information, see last page)

increase during the period studied. In fact, fewer than half (49%) did; in 41% of the positions, salaries remained unchanged from the previous year; and in 10%, a lower salary was paid (probably due primarily to new incumbents in positions previously studied).

Whereas only 49% of top executives got salary increases, AMA reports that 75% of mid-management people studied during a similar period were given raises. Probable key reason: mid-managers are more apt to benefit from the general pay increases that companies have been giving, while top managers are more likely to have their salaries related to sales and profits. Further, although top executive salary increases come less frequently they tend to be relatively larger than for lower management levels.

AMA's analysis shows no noticeable difference in salary treatment for varying top management positions. For example, despite the present emphasis on R&D, salaries of men heading this function seem to be increasing no faster than salaries of sales, production and finance managers.

Bonus paradox

Paradoxically, top management bonuses and incentive payments are shown by the AMA study to be becoming less significant dollar-wise, despite the fact that more executives are getting bonuses. Says Dean H. Rosensteel, director of AMA's Executive Compensation Service: "The gradual lessening of emphasis on bonus and incentive payments is part of a trend that has slowly been taking shape over recent years—the tendency to give more attention to paying equitable base salaries and less to bonuses or incentives." The trend, however, is not universal; some companies are moving in the opposite direction.

Although retirement contributions have become a dominant form of executive compensation, AMA reports that its study reveals no major liberalization of the plans. Nonetheless, 74% of the executives covered in the study are beneficiaries of such plans. On the average, company payments to retirement funds amounted to about 10% of the salaries of the participating executives.

m/m



American Hardware Mutual Insurance Company, Minneapolis, Minnesota. Ceiling installation is of Acousti-Celotex Celotone* Incombustible Fissured Mineral Fiber Tile. Architects: Thorshov & Cerny, Inc. Acousti-Celotex Contractor: Insulation Sales Company.

Efficiency Goes Up as Noise Goes Out

To the office troubled with problems of absenteeism, turnover, errors . . . Acousti-Celotex Sound Conditioning brings a welcome solution. A sound-absorbing ceiling of Acousti-Celotex Tile effectively arrests routine



noises of office equipment, phones, traffic. The resulting *quiet comfort* aids in improving personnel efficiency, morale, and productivity. **Mail Coupon Today** for a *free analysis* of your noise problem, plus free booklet.

* REG. U. S. PAT. OFF.

ACOUSTI-CELOTEX

REGISTERED

U. S. PAT. OFF.

Sound Conditioning



TRADE

MARK

Products to Meet Every Sound Conditioning Problem . . . Every Building Code—The Celotex Corporation, 120 S. LaSalle St., Chicago 3, Illinois • In Canada: Dominion Sound Equipments, Ltd., Montreal, Quebec

MAIL NOW!

The Celotex Corporation, Dept. 4M-28
120 South La Salle Street, Chicago 3, Illinois

Without cost or obligation, please send me the Acousti-Celotex Sound Conditioning Survey Chart, and your new booklet, "Sound Conditioning for Office Workers."

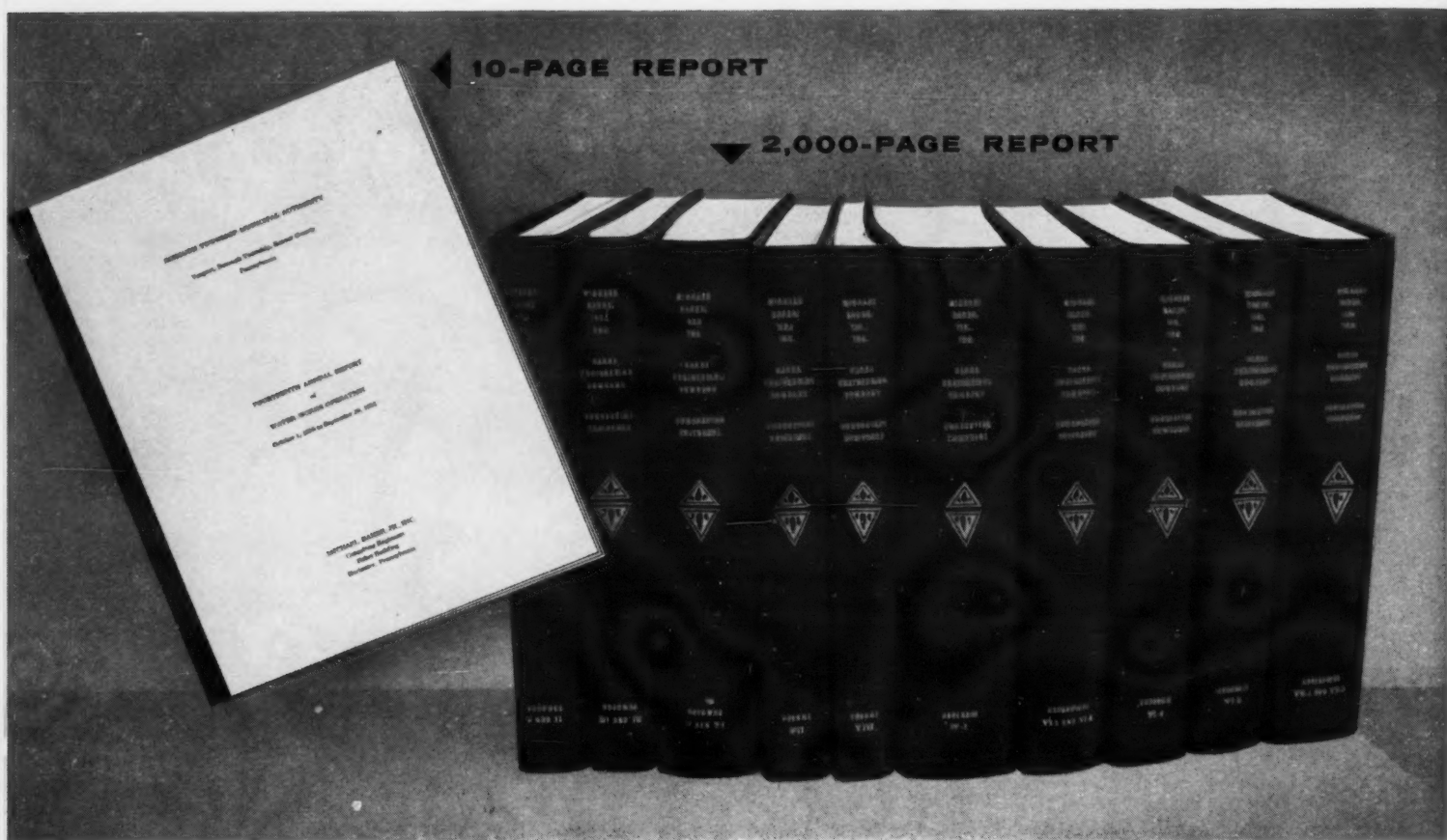
Name

Firm

Address

City Zone State

thanks to XEROGRAPHY...



Beautifully clear, multiple copies of any report ... each as sharp as the original

10 pages or 2,000 ... fast and economically

It isn't often that anyone wants 600 copies of a 2,000-page report.

But a client of Michael Baker, Jr., did. Michael Baker, Jr., Inc., is one of the country's largest consulting-engineering firms, and the voluminous report at right, above, concerned a vital and extensive engineering project.

Normally it would cost many thousands of dollars to set up and print the required 600 copies of a report as lengthy as that. It would also involve considerable time.

But each page of this report was copied by xerography onto offset paper masters at amazingly low cost and time consumption. Then 600 copies were run off on an offset duplicator, and each page was as beautifully crisp and clear as the original.

What's xerography?

That would have been a fair question only a few years ago when The Haloid Company first unveiled it. But today xerography is widely known—in industry, business, and government—as the world's most versatile copying process.

If you've installed it at your plant, you know that paperwork duplicating of all kinds is no longer a problem.



- Xerography copies anything written, printed, typed, or drawn
- Same, enlarged, or reduced size
- Copies onto all kinds of masters—paper, metal, spirit, translucent—for duplicating
- Copies line and halftone subjects.

(For more information, see last page)

Whether, for example, it's a simple report of a few pages and a few copies—like the one pictured at left, above—or a monumental report of thousands of pages, you can copy it onto masters quickly by xerography for run-off of multiple copies at low cost.

It will pay you to investigate xerography's advantages.

THE HALOID COMPANY
58-193X Haloid Street, Rochester 3, N. Y.
Branch offices in principal U. S. and Canadian cities

HALOID XEROX®

MANAGEMENT METHODS

NO MORE FILING GYMNASTICS!

**NEW
MOSLER
REVO-FILE**
obsoletes
all other
systems



Only Mosler's Revolutionary rotary active card file can: *Cut reference time to 1½ seconds.* Revo-File makes flap-flipping and tub-tugging old-fashioned. One quick spin gives you your card. *Save 500% in space.* Mosler Revo-File contains five times as many cards as other systems hold in the same space. *Reduce all finding locations to just one.* Clerks work comfortably seated. Revo-File brings the cards to them! The one finding location is at the top of the drum. *Save \$200 in changeover costs.* Just take present cards and drop them into Revo-File. No hole-punching! No extra work! It's amazing! Send coupon today.

NEW MOSLER REVO-FILE

the modern rotary card file...
another fine product of The Mosler Safe Co.

(For more information, see last page)

REVO-FILE DIVISION • THE MOSLER SAFE CO.
Department MM-258, 320 Fifth Avenue, New York 1, N. Y.

Gentlemen: I have 2,500 or more cards and—

☐ I am interested in a free 30-day office trial of Mosler Revo-File. ☐ I am interested in additional information on Mosler Revo-File.

Name _____

Position _____

Company _____

City _____ Zone _____ State _____

Burgess of Electronic Specialty

How he steers the profit route

The professional management approach produces the same results in big companies and small. Here is a small company that has multiplied in size and sales — and capital gains — because of imaginative management. This finance-minded president takes a leaf from the book of big business, using public stock, acquisitions and spin-offs, to mold a healthy, high profit enterprise.

THE PROBLEM:

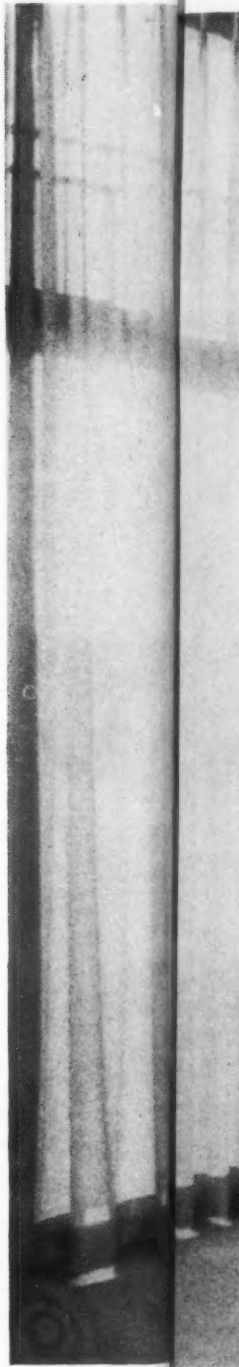
A “war baby” firm is struggling to survive. It loses its military market, launches a new consumer product, but finds that its road to profits is too narrow and too slow.

THE ANSWER:

Applying adaptability and a bold use of big business finance, the firm branches out to probe for better profit routes, then prunes its operations to concentrate acquired resources of money and people on a single broad avenue of primary promise.

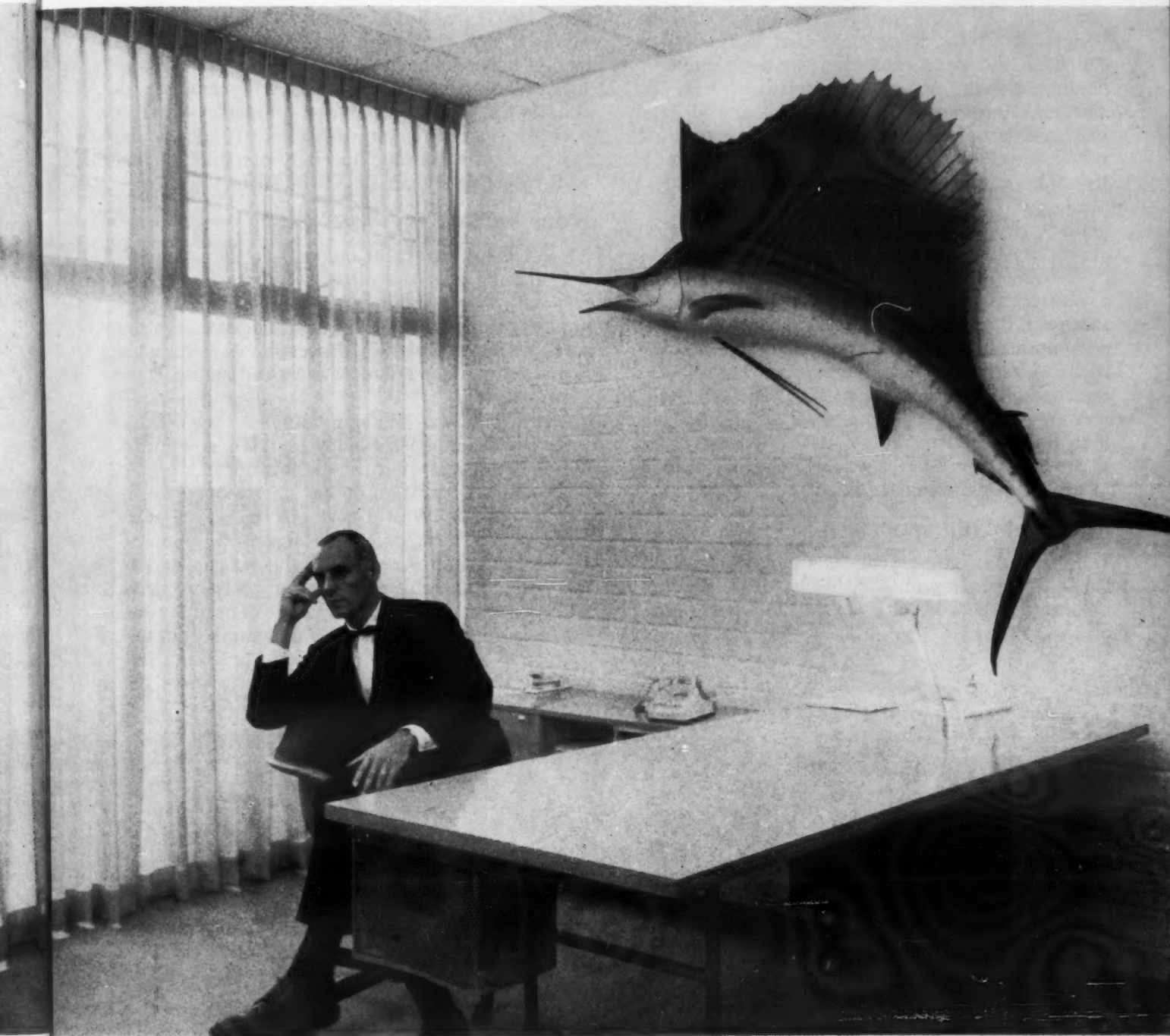
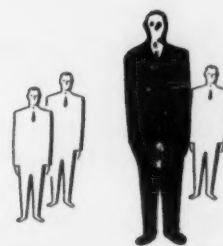
THE MAN:

William H. Burgess, President of Electronic Specialty Co., Los Angeles



**COVERED
IN THIS
PROFILE:**

*How to probe for profits
How to finance for profits
How to prune for profits
How to staff for profits*



Photos by Leonard Nadel

A case history

It was a common story in 1945: "war babies" found themselves with no more nourishment. One such war baby was Electronic Specialty Co. in Los Angeles.

Electronic Specialty, headed by a man named

David Marcus, had produced equipment like intercoms for military trainer planes during the war. When this market dried up, Marcus optimistically switched his company to making radios for private planes. He also launched a new product for home

"At first, the problem was to quickly generate cash,

use: an electronic inverter called a Shavex, designed to increase the speed and efficiency of electric shavers.

Seeking to determine the market for this shaver attachment, Marcus visited a local management consultant and asked to have a market study made. It was about the same time that another man called on the same consultant, a young ex-Navy lieutenant from Minnesota named William H. Burgess. Burgess, a Harvard Business School graduate, was looking for a job. The consultant was impressed by Burgess and hired him to handle the Shavex market study.

Burgess set to work on the research, found a good market for the product in distribution through shaver repair shops.

The study completed, Marcus offered Burgess a job with Electronic Specialty as a \$95-per-week salesman. Burgess accepted, quickly assumed more and more of the total responsibility for Shavex, while Marcus concentrated on developing the aircraft radio business. Burgess improved the Shavex, redesigned it, made it smaller. By 1949, he had it in limited national distribution. Because of its improved design, Shavex was selling as a gift item in drug and department stores.

Net worth plummets

But initial success for Shavex did not solve Electronic Specialty's problems. Marcus had been unable to get the aircraft radio end of the business off the ground.

Burgess had one chief thought in mind: to build a profitable and growing business. But Marcus had been accustomed to running the company as a personal proprietorship; even during the war years, he had held it down in size to an absolute maximum of 50 employees. After the war, when the company was struggling to re-establish itself and should have cut back, Marcus had retained a significant portion of his wartime staff on the payroll. As a result of this loyalty, plus heavy investments in the development of aircraft radios, the net worth of Electronic Specialty plummeted from \$125,000 to less than \$9,000 in 1949.

From bottom to top

Marcus decided to abandon his attempt at selling aircraft radios, to retire and to turn over the Shavex business to Burgess. The two men worked out an arrangement wherein Burgess acquired stock ownership of the corporation in return for a royalty to be paid to Marcus on each Shavex made and sold.

Thus, youthful William Burgess, who three years before had been looking for a job, now found himself the owner and president of a tax loss corporation—a corporation he has since moved to the top 10% of the West Coast electronics industry (see charts). The steps he has taken and the methods he has used to accomplish this transformation can serve as valuable experience for any executive seeking to make his company grow. The steps and methods are detailed in the following sections.



and to search out new avenues of potential profit."

PROBLEM NUMBER 1: How to probe for profits

Generating capital, re-investing profits and diversification cause net worth to multiply.

■ Today William H. Burgess is a financial president. He devotes most of his time to managing the money aspects of Electronic Specialty's growth.

Nine years ago, however, when Burgess acquired the company, he had to wear all the hats at once. But even then, money was his big problem.

The company had a good product in its Shavex attachment for increasing the efficiency of electric shavers. But Burgess was in a severe financial bind. His company was strapped by lack of assets, capital, credit.

Further, Burgess wasn't convinced that Shavex could provide the kind of profitable future he had in mind. Shavex was a single product distributed nationally; thus, selling costs were high, and would remain so unless spread over a line of related products distributed together. But to branch out into other

electronic or electrical products for home use seemed like suicide, since it would mean getting into highly competitive areas like radios and toasters. On the other hand, Burgess knew that some bigger, better established, better financed firm could possibly move in on him and steal the Shavex market.

Perhaps, Burgess thought, the answer was to swing Electronic Specialty into entirely different fields where it could operate more broadly. But what fields were there for a small moneyless company?

Burgess thus faced a two-fold problem in 1949 when he took over Electronic Specialty. First he had to quickly generate some capital to provide some elbow room. Second, he had to decide whether in the long run it would be most profitable to stick with the Shavex business, or to launch other operations to supplement or even replace this business.

THE ANSWER

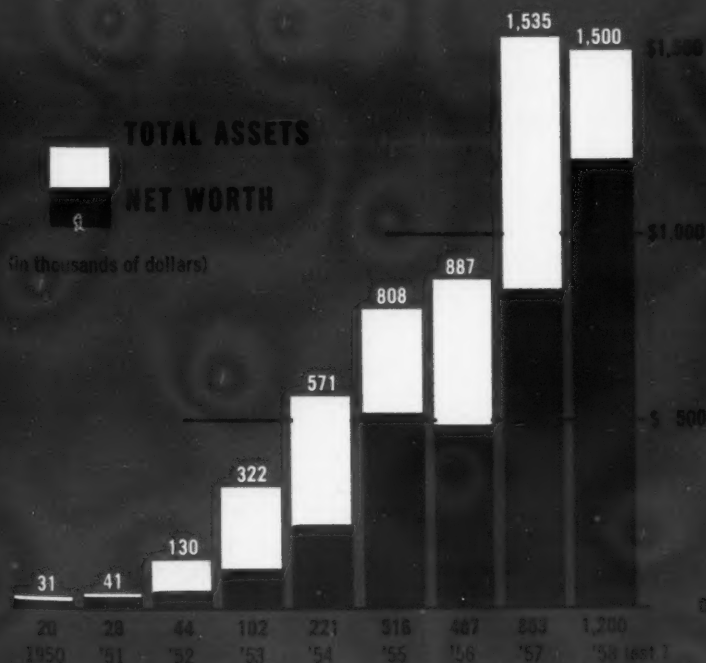
Burgess attacked his problems on two fronts simultaneously: 1) an aggressive program to expand Shavex sales, and 2) a probing for

additional avenues of potential profit.

Sell that Shavex. In pushing sales of his shaver attachment, Burgess hoped to generate profits that could be re-invested. But he had a secondary purpose in mind, too. He wanted to build up the worth of the product itself, since he knew it might be necessary later to sell off the entire operation to get working capital for even better business ventures.

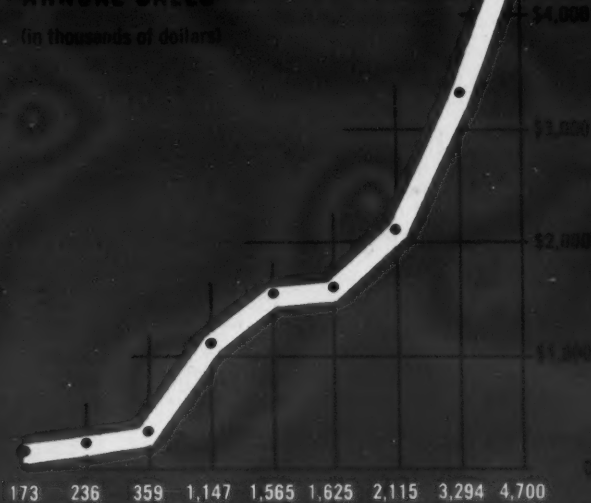
Despite his money pinch, Burgess was able to undertake low cost promotion campaigns to stimulate Shavex sales. Keeping working capital needs down, he turned his inventory as often as once a week, or 52 times the first year. He used every available device to generate the vitally needed cash. Receivables he collected quickly on a 2%-10-days basis while payables were discounted in 30 days.

Says Burgess: "When I tallied the accounts after a year's operation I found I'd netted a pretty fair profit, partly due to an \$11,000 tax loss carry forward. I'd been paying myself a salary of \$100 a week. Now I was able to take a \$12,000 profit out of the company,



ANNUAL SALES

(in thousands of dollars)



*Estimated for third year ending March 31, 1959



"I asked myself--Is it better to own all

plowing an equivalent amount back in."

Shavex was still a tiny enterprise, but it had now begun to spiral ahead strongly.

Profits hunt. Meantime, searching for new profit routes, Burgess was attracted by the initial blossoming of television. TV, he reasoned, would create a need for service centers just as electric shavers brought shaver repair shops into existence.

Thus Burgess' first step toward diversification was an attempt to organize a city-wide network of TV service branches in Los Angeles. But as the project moved ahead, Burgess saw a counter-current in motion. There were indications that TV service, like radio service, was going to be dominated by small neighborhood shops, not by big networks. Once this trend was clear, Burgess lost no time in pulling out.

He set up the TV service division as a separate corporation and spun it off, selling it to interested employees on a time payment basis.

Next he turned his eye to a small engineering firm that was attempting to design rocket firing equipment for the aircraft industry. He took an interest in the operation and subsidized the firm. The research was unsuccessful, however, and Burgess stepped out.

Still probing, he realized that the most logical type of operation for a firm named Electronic Specialty Co. would be the design and manufacture of electronic specialty components.

"Korea had created a need for numerous such items," says Burgess, "but I didn't know that much about electronics. Nonetheless, I decided the field was worth trying."

On a part-time basis, he signed up an engineering professor from CalTech, and also a group of sales engineers calling on aircraft manufacturers. Before long, he had a contract in hand to produce an electronic sensing device for the engine of a jet fighter. As this unit went into production, Burgess was able to hire the CalTech engineer full-time, and to build around him an engineering staff to design a full line of timing and sensing devices for planes and missiles.

Now Electronic Specialty had established itself in two diversified businesses. But Burgess recognized his need for someone experienced in handling military contracts to manage the electronics end. He turned to David Marcus, from

whom he had acquired the company only about a year before. Marcus agreed to come out of retirement temporarily, rejoined the company on a profit sharing basis, taking charge of the new division that was later to be called the Avionics Division.

A small step? While the electronics operation was getting underway, Burgess had not neglected Shavex. But the Avionics business rapidly pulled up even with the volume in Shavex sales. By 1954, combined sales of Shavex and Avionics (which had been set up as a separate corporation to achieve tax savings) exceeded \$1.5 million. A net profit of \$118,000 had been scored. The company had nearly 100 employees.

Throughout these years, Electronic Specialty was throwing off substantial profits. Burgess' yearly income had risen to over \$50,000. But heavy chunks of the profits also were being re-invested. Thus, net worth had risen to over \$220,000 (up from less than \$9,000 five years before). Burgess was offered a half million dollars in cash for his company, but turned the offer down.

Five years of substantial growth and profits had served only to whet his appetite for more. Says he: "As far as I was concerned, this was only a small beginning in the growth plan I had projected."

The weakest link in his plan was his need for still more capital. He was now faced with a new equation: Is it better to own all of a small financial pie, or only part of a bigger pie?

PROBLEM NUMBER 2: How to finance for profits

After public stock sale, 70% retained ownership is worth more than sole ownership was before.

■ In 1954, William H. Burgess found himself hampered more severely than ever by a hobble that had plagued him from the start: lack of capital.

Until now he had been able to

finance sound growth for Electronic Specialty Co. out of earnings. But it became clear that from this point forward, plowed in profits alone would not be enough to support optimum expansion.

Ahead lay huge markets, both for Shavex, the nationally distributed attachment for electric shavers, and for the electronic devices the firm was profitably producing for the aircraft industry. To capture these

bigger sales, Burgess needed an estimated \$250,000 for working capital, for merchandising, for added equipment, for more and better research and development, and perhaps for acquisitions of other firms.

Burgess was already borrowing up to his company's limit. The most realistic financing course that appeared to remain open to him was to sell a portion of his corporate control. As sole owner, Burgess was

of a small financial pie, or only part of a bigger pie?"

naturally reluctant at first to consider selling stock, especially to major investors who might be tempted to interfere with his planned growth pattern.

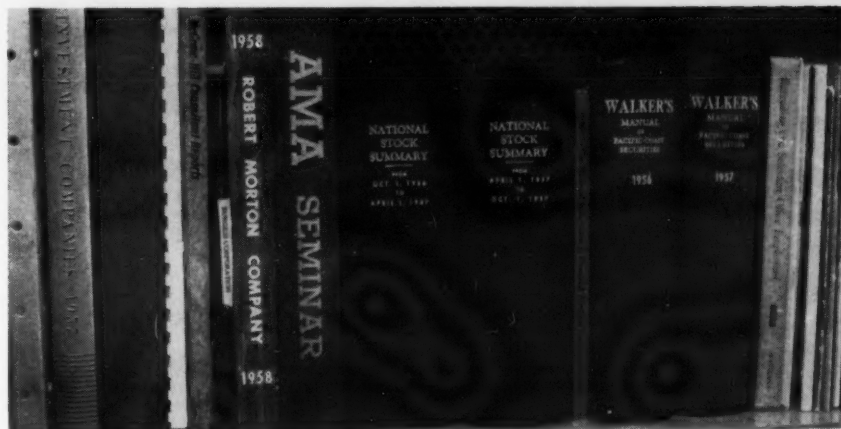
But the equation remained: either retain full ownership and restrict the business to plodding growth, or market a portion of the company and provide it with the funds required for rapid strides forward.

THE ANSWER

Burgess' decision was a bold one for a company the size of Electronic Specialty. Despite the relatively high underwriting costs involved, he decided to make a public stock offering, rather than seeking out private investors.

His reasons for this move were many. Says he:

"The company had all the requirements for a successful public stock sale. We had a steady profits record, and I knew the word 'electronics' in our name wouldn't hurt. Since I had to give up some ownership, I wanted to spread it as broadly as possible. I was also anxious to provide for employees to acquire equity participation, and in the long run I knew this would be most valuable to them if the stock were publicly marketed. Furthermore, I figured that by marketing a



Burgess' bookshelf: the reading of a financial president

portion of my ownership publicly, I could actually increase my personal equity."

To insure widespread stock ownership, Burgess signed up an investment bank in New York to handle the transaction, then arranged for two Los Angeles underwriters to participate in the offering.

The offering was set for February 1955. The company was capitalized at \$1 million, or roughly eight times the previous year's net earnings. Under a Regulation A registration of the SEC, 30% of the stock, or 100,000 shares, was placed on the market at \$3 a share. On the first day, the stock was over-sub-

scribed. Some 300 investors acquired shares.

After deducting the 10% underwriting fee, plus legal, accounting and brokerage expenses, the sale netted Electronic Specialty \$255,000, doubling the company's net worth.

It also increased Burgess' equity in the company by 60%. Before the sale Burgess owned 100% of a company valued at \$250,000. Now he owned 70% of a company worth \$500,000. Thus, by selling a portion of his stock, he relinquished no real management control, but his equity increased from \$250,000 to \$350,000. Furthermore, the market value of his retained 260,000 shares was slightly over \$1 million, since the price of the stock rose to \$4 the day after the offering. The value of his ownership has increased significantly since; the stock presently is selling (over the counter) at about \$10. Because of the company's still relatively small size and its relatively short public life, the price-times-earnings ratio of Electronic Specialty stock is presently only about 9-to-1. In the electronics field, it is not unusual for the ratio to rise as high as 30-to-1 or 40-to-1.

Energizing capital. Having acquired the capital he needed, Burgess set about immediately to put it to use.

Substantial sums were invested to strengthen research and development for the Avionics Division.

(Continued on page 74)

Shavex history: better design equals bigger sales and profits



How to get more from "creative" people with better organization

You've heard so-called creative people—like researchers and advertising men—complain of too much management interference. They say their creative talents are inhibited by too much emphasis on organization, coordination and control. Yet here is a well-known company that re-emphasized management in its advertising department—and got better programs at 16% lower operating costs. This case history tells how it was done.

Right now, while you search for ways to trim operating costs, you are probably also looking to your creative departments to do a bigger job than ever.

For example, many firms are prodding their researchers and engineers to produce more of the practical ideas that keep a business going. An even greater number of firms are insisting on more, better and quicker sales-building programs from their advertising and sales promotion departments.

But how can you get these better results without large increases in expenditures?

One excellent way is to emphasize *management* in creative departments. Having just re-organized our own Advertising and Sales Promotion Department, we know that the profitable benefit of injecting more management is well worth the effort. For example,

today our department is operating at 16% less cost than it was two years ago. Furthermore, with little or no increase in dollar expenditure, we are turning out better and more coordinated programs based on the needs of our field sales force.

When we started our re-organization in February 1955, we had men filling various job positions: advertising and sales promotion managers, cataloging, publicity, exhibits and copywriting. These men reported to several different people, which made coordination difficult. We felt that by centralizing the department and re-organizing its structure we could greatly increase our efficiency.

Step 1: setting goals

Here is the step-by-step, methodical way we went about the re-organization job.

We knew that establishing a

sound organization structure depended on our ability to pre-establish sound department objectives. We gave this matter a lot of work, and here are the objectives we came up with:

1. Build, staff and maintain an organization necessary to help the Commercial Equipment Division of Raytheon achieve its long-term order objectives at the best marketing expense.

2. Create, produce, distribute and help put into use integrated advertising and sales promotion programs so as to:

- a. Gain market acceptance with customers, prospects and channels of distribution for our company, products and people.
- b. Obtain qualified sales leads for our sales force and channels of distribution.
- c. Equip our sales force and channels of distribution with those sales tools necessary to efficiently do their jobs.

Step 2: establish the structure

Next, with our general goals set, we wanted to get a perspective on the various elements we had to consider in re-organizing our department. We set them up in three dimensions, as shown in *Figure 1*. Plane A represents advertising and sales promotion *functions*; plane B includes all *activities*; plane C covers all *product groups*.

Next we assigned responsibility to specific job positions—by product group for each function and activity. Based on the analysis shown in *Figure 1*, we came up

By William W. Wexler

Manager, Advertising and Sales Promotion
Commercial Equipment Division
Raytheon Manufacturing Co.
Waltham, Mass.

with the summary organization chart and job descriptions shown in Figure 2.

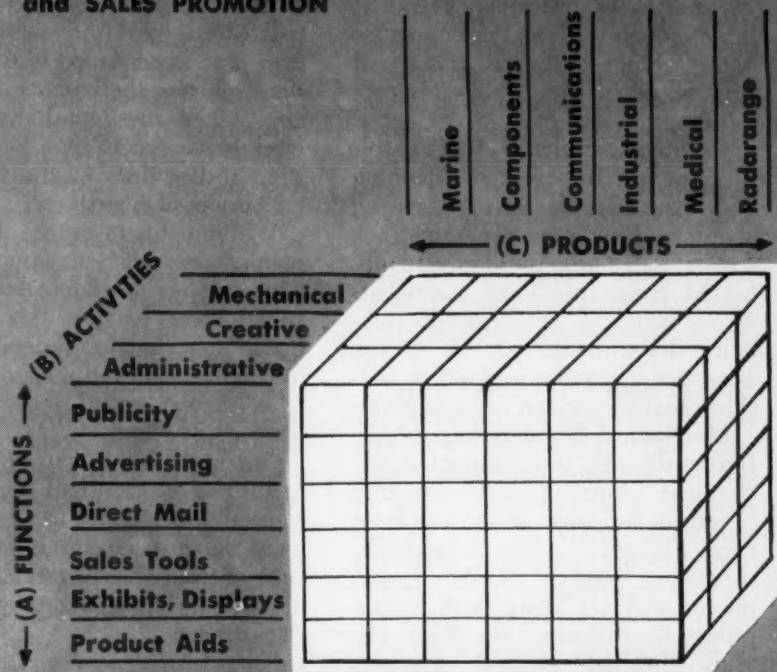
Then we translated this analysis into our actual organization structure as shown in Figure 3 (page 34). Here is a summary of the responsibilities assigned to each job:

Manager, Advertising and Sales Promotion: Responsible for management of department's men, money and time.

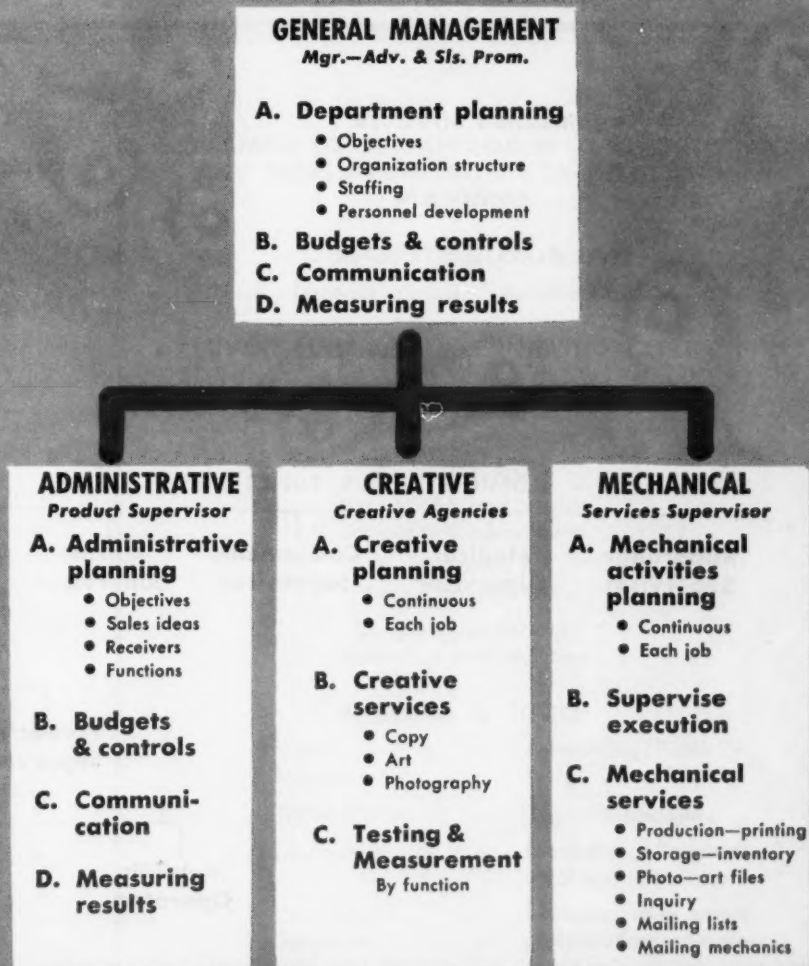
Supervisor, Advertising and Sales Promotion: Responsible for supervising his product group's advertising and sales promotion functions, money and time. His prime job is administrative planning: establishing objectives; developing basic theme or sales idea; determining basic groups of people to reach, and tools to use in reaching them; assigning specific jobs to each tool; and using all tools in best possible mixture. We have defined these tools by media and function as shown in Figure 4 (page 35).

Our actual approach to administrative planning is shown in Figure 5. The supervisor's next step is to prepare his budget recommendation. After it is approved, he puts his plan into action. He obtains the necessary information, coordinates the activities of all the people involved, obtains the necessary approvals on timing and content and supervises the creative and mechanical activities. Throughout all of these activities he maintains control of his expenditures and, where possible, measures the results of his program's performance against his objectives, making such changes as are warranted in his

1—ANALYSIS OF PROGRAMMED ADVERTISING and SALES PROMOTION



2—SUMMARY ORGANIZATION CHART with JOB DESCRIPTIONS



plans or in his performance. Lastly, he merchandises his programs so as to obtain enthusiastic support for our advertising and sales promotion programs.

Creative services: Responsible by function for creative planning and execution of our advertising and sales promotion programs (see Figure 2). These services are obtained from functional specialists in our company headquarters publicity department, exhibits group, advertising agency and other outside creative service organizations.

Mechanical Services Supervisor: Responsible for supervising the mechanical planning and execution of our sales promotion programs (see Figure 2). The production supervisor receives finished copy, photos and art along with appropriate instructions. He then obtains finished printed material within his commitments. Where he can he uses his multiliths for printing. All other services are bought outside. When the job is completed, he turns the responsibility for the

finished material over to the distribution supervisor, who distributes it in accordance with instructions, putting the balance into storage. All of the actual distribution work is performed by a local letter-shop rather than in the Mechanical Services Department.

We find this to be the most economical and efficient approach for handling our mechanical activities. In addition, we are able to train three men in the services group for higher level job responsibilities.

Step 3: staffing

Our next step was to find people to fill the jobs we had established. Most of the people in the department have been hired since the start of the re-organization. Here is how we went about staffing this department.

Satisfactory incentives: Our incentives were reviewed and then modified to meet needs. These included financial, growth opportunity and fully delegated responsibility. This last incentive we

recognize to be a powerful one since the individual has the opportunity to make most of his own decisions in his specific area of responsibility, thus adding to his business growth.

Job descriptions: Job descriptions for each position were written up and approved by the marketing manager.

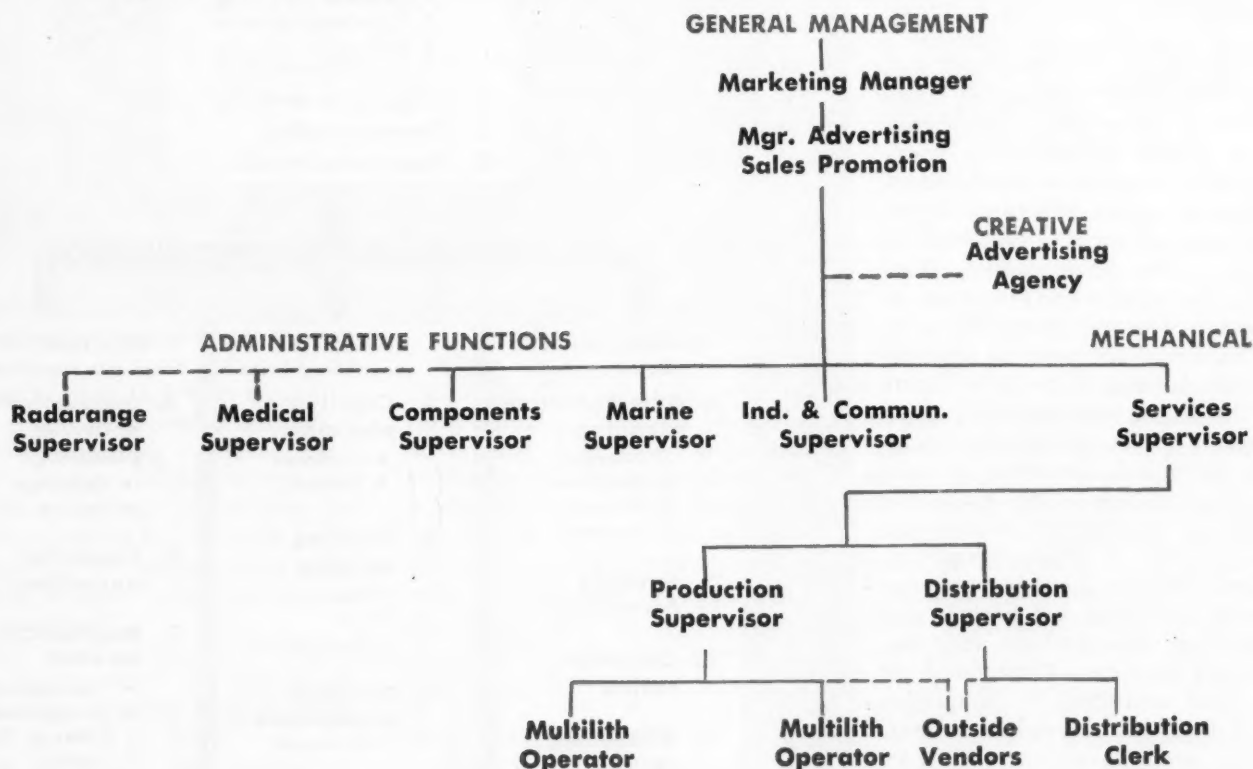
Search: We advertised, contacted employment and recruiting agencies, and explored trade contacts. We obtained many resumes which were screened against our job descriptions. Those that qualified were called in for an interview.

Interview: Each candidate was interviewed by the manager of advertising and sales promotion, our personnel manager and by individuals in other departments with whom the candidate would be working. Many candidates were inevitably dropped along the way.

Background check: References of potential candidates were checked by our personnel manager.

Psychological test: After this reference check, the individual was

3-Organization Structure



sent to an industrial psychologist for psychological and aptitude testing.

Decision to hire: Against the background of all of these elements, the decision to hire a specific individual for a particular job was made by the manager of advertising and sales promotion.

This detailed approach to staffing has probably done more for our department than any other single activity. Each person selected is a top-notch man, showing great promise for rapid growth in varying phases of marketing management. Some have already been promoted to other groups within our marketing department.

Step 4: personnel development

Having built our staff, our next step was to take actions that would provide our people the means of developing to their full potential in their jobs. Here's what we did:

Indoctrination: After the individual was hired, he spent several weeks becoming familiar with our

industry, company, markets, products and people. With a fair background in this area, he then moved into his specific job where he could develop this knowledge through actual work effort.

Training: A planned training program is extremely valuable, helping a man develop his own attitude, knowledge and abilities toward his job. We try to help him grow in this area by helping him broaden his background in business, marketing, management and human relations, as well as in advertising and sales promotion. Along this line, we send these men to various seminars and courses conducted by the American Management Association and other schools.

Review and evaluation: Every six months, each man is reviewed by his supervisor. The purpose of this interview is to counsel the man on where to concentrate his efforts to improve his abilities and performance. Each man, guided by his supervisor, sets his own

six-month objectives. He also analyzes his own performance in meeting past objectives. A detailed rating form is used as a guide in this counseling interview. It covers performance as well as mental, personal and supervisory characteristics, in addition to ratings on knowledge of all our major products. The completed form, signed by both men, is sent to our marketing manager for his review and files.

Supervision: From time to time, a supervisor must give subordinates specific assignments with due dates. Wherever possible, we try to get the individual to commit himself on due dates and other specifics. A tickler file is maintained so as to follow up the individual's commitments to make sure each project is completed as planned.

Step 5: budgets and controls

Our next step was to establish a sound approach to budgets and
(Continued on page 60)

4. FUNCTIONS, MEDIA and TOOLS

Functions	Tools	Media
Publicity	editorials, news releases	magazines, directories
Advertising	ads	
Direct Mail	letters, brochures, stuffers	post office
Sales Tools	photos, slides, charts, catalogs, manuals, presentations, demonstrators, films	salesmen (company, dealer)
Exhibits	displays, signs, decals	meeting places, offices
Packaging	cartons, labels, inserts, tags	The Product

5. EXAMPLE OF OUR APPROACH TO ADVERTISING AND SALES PROMOTION ADMINISTRATIVE PLANNING

1. MARKETING OBJECTIVE

Increase company's % of market

2. ADVERTISING & SALES PROMOTION OBJECTIVE

Increase market acceptance and brand recognition

3. SALES IDEA

User benefits and product competitive advantages

Single source for broad product line

Company leadership know-how and facilities

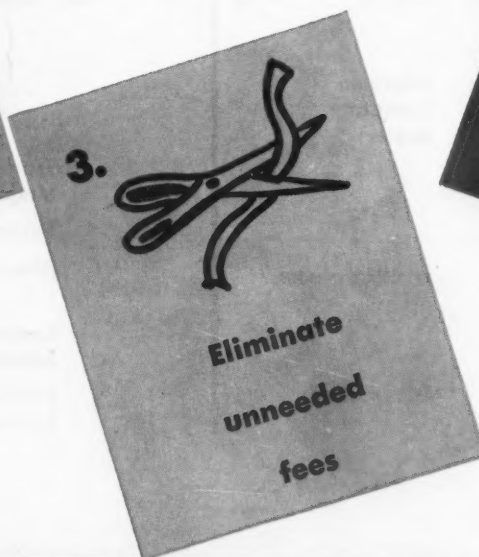
4. MEDIA & TOOLS

Trade Magazines	Advertising, Publicity
Trade Shows	Displays, literature
Direct Mail	Promotional literature, catalogs, sales letters
Company Salesmen	Catalogs, sales letters, presentations, samples
Distributor Salesmen	Catalogs, samples



6 ways to trim waste from a welfare fund

Great publicity has exploded during the past few years over cases of corruption in the handling of health and welfare funds. But no comparable attention has been given to a far greater area of loss: the lack of technical know-how on the part of labor and management representatives who establish and administer welfare funds. Here are just a few of the ways you can improve benefits to employees by eliminating unnecessary costs.



Hundreds of millions of dollars have filtered down the drain through careless handling of employee health and welfare funds. Collaterally, considerable human suffering has gone untended because of ineptitude in welfare fund management.

Numerous specific examples prove that substantial sums can be saved, not only when a new fund is established, but also in existing funds that can be improved. For example, in one of the typical cases cited with this article, total savings of approximately \$100,000 a year were achieved simply by following sound cost-cutting practices.

A big cause of waste in welfare funds is that the buyers—company and union officials—are seldom experts in this specialized field. They must depend on advice from the sellers. The sellers are highly competitive and they know their business intimately; they understand the language, the values and the complexities of the field—all of

which may be a maze to the buyer.

To help bring meaning out of this maze is one of the objectives of the Foundation on Employee Health, Medical Care and Welfare, Inc. This foundation recently published a 48-page booklet filled with specific facts on how to improve the value and reduce the cost of industrial health and welfare funds (see box page 39). This material is taken from one of the chapters of this new booklet:

Competitive bidding is one method of reducing insurance company costs of health and welfare funds. Here are some other major suggestions for making certain that the contributions are used for the purchasing of the best benefits for employees and their dependents:

- Cover as large a group as possible.
- Keep commission payment to a minimum.
- Eliminate unnecessary fees.
- Consider using a "self-accounting" system for the health and welfare fund.
- Consider using a "draft book" system for the payments of claims.
- Think before changing insurance carriers.

Cover as large a group as possible

Figure 1 illustrates how an insurance company's retention decreases percentage-wise as the size of the group increases. For a group of 200 persons, the average insurance company will retain 17.1¢ out of every premium dollar over a 10-year period. For a group of 1,000 the average insurance company will retain 9.1¢ out of every premium dollar and for a group of 10,000 the average insurance company will retain 5.5¢ out of every premium dollar.

Some of the reasons for the di-

minishing percentage of cost as the size of the group increases are:

1. The cost of printing booklets, certificates, contracts and administrative and benefit claim forms is less per person when this material is produced in larger quantity.
2. The portion of the retention that is allocated to commissions is reduced per unit as the premium increases for a larger group. This is because commissions are generally paid on what is known as a decremental or graded scale. This simply means that as the size of the premium grows the percentage paid in commissions decreases.
3. The general overhead and acquisition cost to an insurance company is less per unit for a larger group than for a small group.

Whenever possible, therefore, sponsors of health and welfare programs should combine smaller groups into one large group. To accomplish this, a number of local unions can combine into one area-wide or state-wide program. A typical arrangement of this kind is in effect in Metropolitan New York's I.A.M. District 15 which now covers more than 7,000 employees in 15 locals, employed by 231 employers. National health and welfare programs, involving many locals throughout the United States are in effect in the television, radio, baking, men's clothing, maritime, mining and other industries.

In all instances where a large group can be assembled, a saving in the net cost of insurance can be effected.

One of the important factors in an insurance company's retention is commissions. In most states the



Figure 1

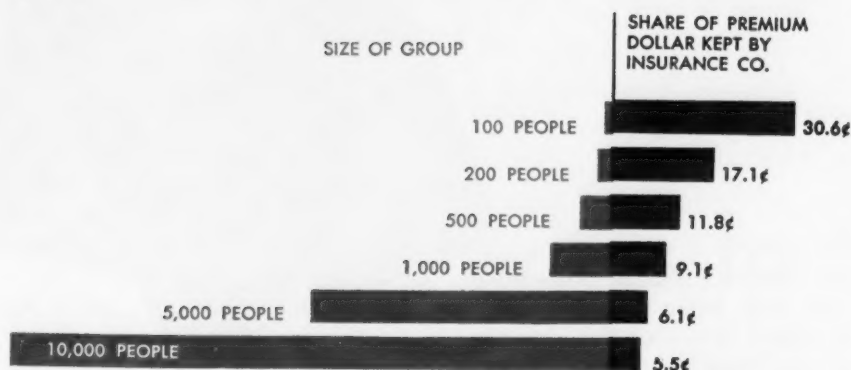


Figure 2

AMOUNTS OF ANNUAL PREMIUM	FIRST YEAR COMMISSIONS	RENEWAL YEAR COMMISSIONS
Up to \$1,000	20%	5%
\$1,000 — 5,000	20%	3%
5,000 — 10,000	15%	1.5%
10,000 — 20,000	12.5%	1.5%
20,000 — 30,000	10%	1.5%
30,000 — 50,000	5%	1.5%
50,000 — 350,000	2.5%	1.0%
350,000 — 2,000,000	0.5%	0.25%
2,000,000 and over	0.1%	0.1%

Figure 3

AMOUNTS OF ANNUAL PREMIUM	ANNUAL COMMISSIONS
Up to \$6,000	5%
\$6,000 — 10,000	3%
10,000 — 30,000	2.5%
30,000 — 50,000	1.8%
50,000 — 350,000	1.125%
350,000 — 2,000,000	0.275%
2,000,000 and over	0.1%

insurance company is obligated by law to charge commissions as part of the retention even though the health and welfare fund trustees may decide that no commissions are warranted. Depending upon the instructions given the insurance company by the health and welfare fund, it is possible in many instances to reduce the amount of commissions paid and charged to the policyholder in the retention.

Figure 2 is a typical graded or decremental scale of commissions on group insurance policies when first year and renewal commissions are paid.

Keep commission payments to a minimum

Here is an example of how proper instructions to the insurance company can reduce commissions and consequently reduce the retention and net cost of insurance. Assume that a health and welfare fund purchases three different types of benefits from an insurance company for the eligible employees—life insurance, weekly accident and sickness benefits and accidental death and dismemberment benefits. Assume further that the annual premium for the life insurance is \$150,000 and the annual premium for the weekly accident and sickness benefits is \$150,000 and the annual premium for the accidental death and dismemberment insurance is \$25,000.

If the insurance company does not receive instructions to the contrary, it may for the purpose of commission payments consider the group life insurance policy, the weekly accident and sickness policy and the accidental death and dismemberment insurance policy as three separate policies; the insurance company would pay commissions from the top of the scale three different times. The commissions for the first year would then amount to \$18,500 and in the renewal years \$4,160.

On the other hand, if the insurance company is instructed to combine the three policies into one for the calculation of commissions, the commissions would be paid from the top of scale on only one policy.

In the case mentioned, the first year's commissions would then be \$11,875 and the renewal commissions would be \$3,595.

The preceding is an example of a savings of approximately \$6,625 in commissions for the first year and \$565 for each of the renewal years.

There is an alternative way to pay commissions. That is on a "level commission basis." Under this system the commission is the same each year for 10 years rather than higher the first year and lower in the renewal years.

Figure 3 shows a typical graded or decremental scale of commissions on group insurance policies when level commissions are paid over a 10-year period.

In instances where the minimum commission is not adequate to pay for the consulting and actuarial services required, the fund may pay a fee directly for these services to the consultant. Under this kind of an arrangement the fund is better off because it is keeping commissions at a minimum and does not have an automatic additional cost from higher commissions included as part of the retention.

Even where a level commission arrangement is used it is possible to reduce commissions by having the insurance company apply the level commission scale to all policies combined rather than to each separate policy.

In any event, the trustees of a health and welfare fund should receive whatever consulting and related services they require in return for the commissions they pay. Commissions are paid out of the premiums paid to the insurance company. In that sense, the health and welfare fund pays the commissions as it pays the premium. What is more, in most states commissions are charged as part of the insurance company's retention. Occasionally, a health and welfare fund consultant may claim that by negotiating directly with the insurance company, he eliminates or cuts commissions below the possible minimum. This is not possible in states where the law requires commissions to be charged. In such

(Continued on page 64)

Management and union co-sponsor research



SNYDER



HAYES

A unique example of union and management cooperation for mutual benefit is the Foundation on Employee Health, Medical Care and Welfare, Inc.

This foundation, co-sponsored by a business concern and one of its unions, was created with a single purpose in mind: to find better ways to provide industrial employees with the best possible health and welfare programs at the least possible cost.

Established in 1956, the foundation is chaired jointly by John I. Snyder, Jr., president and chairman of U. S. Industries, Inc., and by A. J. Hayes, president of a union representing 5,000 of the company's workers. Mr. Hayes is president of the International Association of Machinists, vice president of the AFL-CIO, and chairman of the Ethical Practices Committee of the AFL-CIO.

The company and the union launched the project partly as a means of benefiting directly from the research into welfare plans that the foundation has undertaken. But equally important, the fact-finding program is designed to benefit industry and unions generally.

Presently, a series of four detailed research studies is being prepared by the foundation:

Part A: Benefits that can be purchased from insurance companies.

Part B: Benefits that are available under service plans.

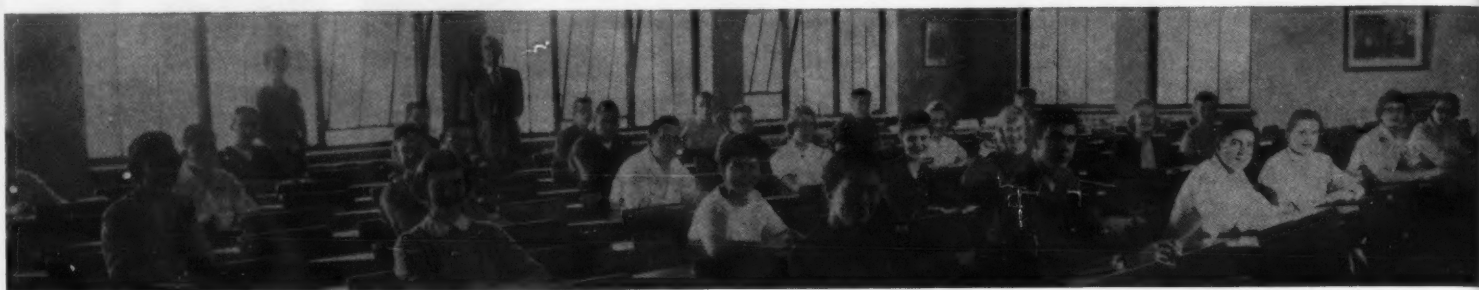
Part C: How to compare service and indemnity benefits.

Part D: The advantages and disadvantages of self-insurance in health and welfare programs.

To date, Part A in the series has appeared in print, and it is from this fact-filled, 48-page report that the accompanying article has been taken. The full report is available at 35 cents from the Foundation on Employee Health, Medical Care and Welfare, Inc., 477 Madison Avenue, New York 22, N. Y.

Serving with Mr. Snyder and Mr. Hayes as officials of the foundation are Walter F. Wilmas, president of the foundation and executive vice president of U. S. Industries, Inc.; Elmer E. Walker, vice president of the foundation and general vice president of the International Association of Machinists; and Theodore W. Kheel, the foundation's executive director. Consultant to the foundation is Martin E. Segal & Co., Inc.

How to grant scholarships without headaches



Here's an easy way to establish company-sponsored scholarships for worthy students. You get double results from this method—but none of the usual problems or administrative costs.

Why don't more business firms take advantage of the tax, recruiting and public relations features of establishing college scholarships in the company name?

Facts show that often it's not because of the money involved—it's because of the administrative problems!

There are ways, however, to get all of the plus values from granting scholarships without any of the headaches.

First, consider what might happen under ordinary circumstances:

A company decides to establish a scholarship as a gesture of corporate citizenship, or for any of numerous other good reasons. The firm's management group agrees that the scholarship should go to someone from the local area who wants to study for an engineering degree.

Then the questions start: How do we select the right scholarship recipient from all the possible candidates? How can we be sure we won't be accused of favoritism or personal prejudice? Who among

us has the time to administer this program—and how much of our scholarship money is going to be expenses?

Faced by what appears to be an embroiling maze of red tape, and extra costs, the management group decides the program is far too involved and that the best thing to do is to drop the whole idea.

Now consider what could have happened:

The same company, having decided to establish a scholarship and having selected the kind of student who is to receive it, contacts the National Merit Scholarship Corp., or a similar outfit. With no administrative problems or added costs for the company, the scholarship is established and the student recipient is selected on the basis of highly accredited tests given annually to seniors in high schools throughout the country. Furthermore, the scholarship is at least doubled in effectiveness since, for each company-sponsored scholarship established, the National Merit Scholarship Corp., using foundation money, itself es-

tablishes another scholarship for some other outstanding student.

The scholarship the company has set up remains in the company name. But instead of busy, inexperienced company personnel handling the selection and administrative details, these are handled by scholarship specialists, as part of the national program. The cost of handling these details is not taken from the funds that the company has set aside for its scholarship; instead, they are taken care of by a special foundation grant.

There are other highly respected organizations like the National Merit Scholarship Corp. doing the same job. To give you an idea of how these organizations function, here is a closer look at NMSC.

What it is

NMSC was established in 1955 as an independent non-profit organization whose purpose is to devise and administer a nation-wide system of scholarships for higher education. The Ford Foundation and Carnegie Corp. of New York have financed the activities by

grants totaling \$2.5 million for administrative expenses. The Ford Foundation has appropriated an additional \$18 million to finance scholarships in the program. All secondary schools—public, private, and parochial—are entitled to participate. The program is open-ended—any company, foundation, union, association or other organization is invited to take part.

NMSC discovers and makes a college education possible for the country's most talented youth, regardless of financial means; it offers a program permitting business firms to obtain high value from their scholarship gifts.

Waste amid shortage

Explaining the urgent need for more business-sponsored scholarships, NMSC says this:

"We, as a nation, face a critical shortage of educated talent. Our booming population, our huge defense requirements, and our increasingly complex technology are demanding more and better engineers, executives, scientists and teachers. The primary way to expand a supply of these highly able professionals is to educate more of them at the college level. To do this, we must reduce the current loss of unusually talented students between high school and college.

"Every year, tens of thousands—estimates run as high as 200,000—of our most able high school graduates do not continue on to college. Many lack the financial means for further education. Many others simply lack the motivation. The result is enormous economic waste. The merit scholarship program was created against this backdrop of waste amid shortage."

More than 60 organizations have established merit scholarship programs, most having special criteria that express the interests of the sponsors. For example, Detroit Edison, which sponsors one merit scholarship, stipulates that it go to a boy in the area served by the company who plans a career in engineering, science, business administration or teaching. The Sears-Roebuck Foundation sponsors 200 scholarships through

NMSC. Preference is given to candidates who show aptitude for, and interest in, careers related to business and industry, teaching, engineering, the ministry and government service.

Says a spokesman for the Sears Foundation: "We've been in the merit scholarship program since its inception and we consider it an excellent means of providing financial aid to worthy students who need it."

American Cyanamid sponsors eight scholarships in the field of chemistry and chemical engineering. Says the company: "Working through the National Merit Scholarship Corp., we're relieved of all administrative details, yet we get the cream of the crop. If results continue as they have begun for us, we plan to expand our pro-

gram. The high academic standing of the scholars we support has been amazing."

Method of selection

All merit scholars are selected from an annual crop of 7,200 finalists in the NMSC testing program. The testing begins each Fall when high schools across the country are invited to participate. Principals enter their schools by registering for the scholarship qualifying test. This examination is administered at the participating school in late October. The principal may select 5% of his most able seniors for free testing, and others in the graduating class may take the test by paying a nominal fee to the testing agency.

A group of 7,500 seniors—the highest scorers in each state, pro-

THIS CRUCIAL PROBLEM OF EDUCATION

Businessmen are worried about the education problem facing the nation. Here's proof:

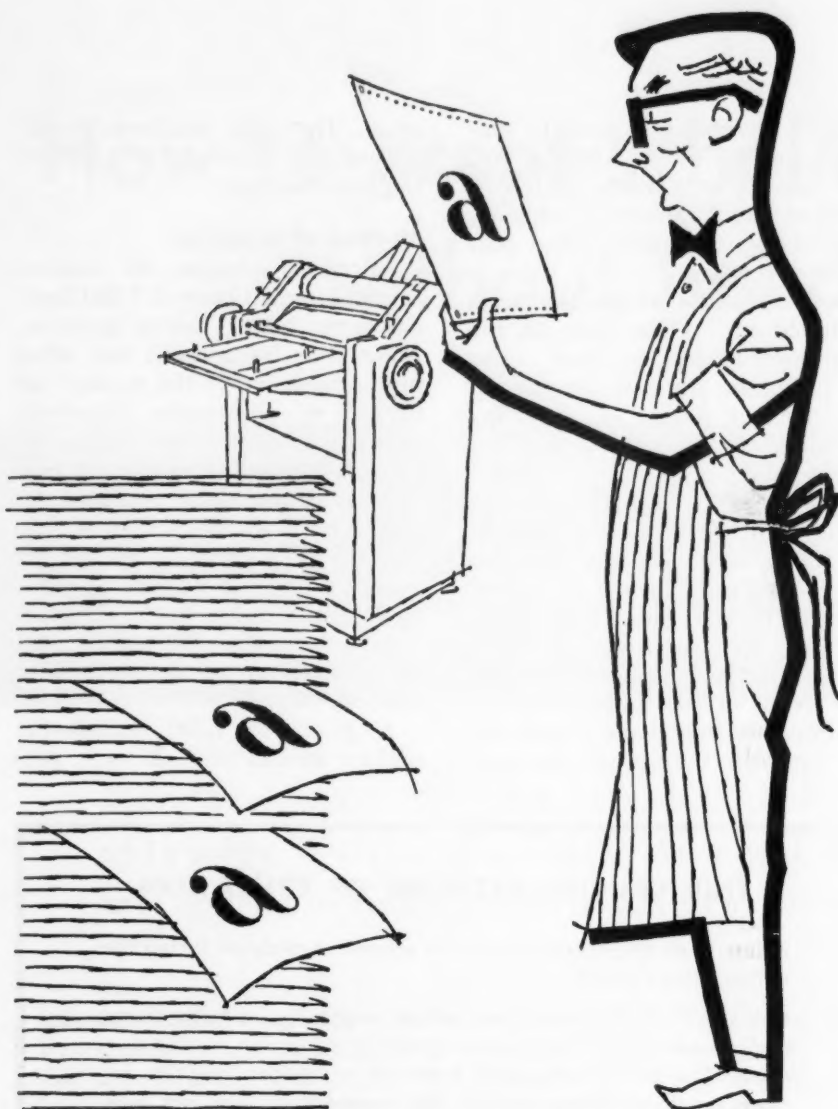
Last month M/M carried an article suggesting specific things businessmen can do to improve secondary education in their own areas. The article stimulated hundreds of reader requests for more details—showing clearly that businessmen are not only aware of the problems faced by their local school systems, but are anxious to take action.

The article on these pages deals with another phase of the education problem—how business firms can help talented youngsters continue their education after high school.

Next month a third article on education will appear. It describes how business people in an entire community—Tulsa, Okla.—have combined their efforts into a coordinated program to improve the level of education in their secondary schools.

Temco engineer, H. X. Brown, meets his class at Cedar Hill, Texas before going to work. This is just one of scores of ways business firms can attack the teacher shortage, and other severe problems of education.





Colitho Sensitized Acetate Plates For the fastest, most uniform copies ever!

You've got to see it to believe it—the speed and quality Colitho sensitized acetate plates bring to straight run duplicating! Quick inking, dimensionally stable, Colitho plates are the easiest of all to handle—from preparation to duplication. Result? The cleanest, most uniform copies possible, from first copy to last, box after box. And production time is cut way down, too.

Colitho acetate plates are stocked in all standard sizes and punchings for offset presses up to 38". They make every duplicator a better duplicator! Try them, you'll see the difference immediately.

FREE DEMONSTRATION!

Judge the superiority of Colitho acetate plates for yourself. Write: Colitho Division, Columbia Ribbon & Carbon Mfg. Co., Inc., 822 Herb Hill Road, Glen Cove, N. Y. for free demonstration.



COLITHO* OFFSET DUPLICATING PLATES AND SUPPLIES

*T.M. Reg. U. S. Pat. Off.

(For more information, see last page)

rated by population—are selected from those taking the preliminary test. In January, these semi-finalists are given the supervised scholastic aptitude tests of the college entrance examination board. Scores on this three-hour examination further substantiate the abilities of the competitors. In previous years, over 95% of the semi-finalists had been able to repeat their high scoring performances and thereby become finalists.

Each of the 7,500-odd finalists is considered to be fully qualified to receive a merit scholarship. Further selection is necessary, however, in order to determine the actual winners of the available awards.

The final evaluations are performed by the merit scholar selection committee, a nationally selected panel of experts in academic selection. The leadership, citizenship, grades and extra-curricular activities of each finalist are considered, as well as his scores. Special teams from company sponsors make selections as well, applying special criteria such as residence, career intent, employment of parents, and so on. Financial need is *not* a criterion and no information is gathered on race or religion. From all of these careful evaluations, the final selections of merit scholarship recipients are made.

High school seniors have greeted the merit scholarship program with enthusiasm: last October, a quarter of a million seniors—or one out of every six in the national senior class—took the scholarship qualifying test. These tests, preliminary to the 1958 scholarship awards, were administered in 13,000 high schools.

The rapid rate of growth of the merit program itself is, in part, due to the special "matching" provision. Of the \$18 million earmarked for scholarships in the original Ford Foundation grant, \$8 million was set aside to match company-sponsored programs with an equal number of new national merit scholarships. Thus, the program has a double rate of growth. There were 556 merit scholarships awarded in 1956; an additional 836 scholarships were awarded in 1957.

Whether a company grants one scholarship or many under this

program, company identification is fully maintained. Each scholarship bears the sponsor's name (i.e., The Glidden Co. Merit Scholarships). Those financed by NMSC funds alone are called simply national merit scholarships. Most sponsors maintain close contact with their scholars through award luncheons, plant trips, college visits, summer jobs, and so on. Neither sponsors nor scholars, however, have employment commitments under this program.

Each scholarship winner receives a stipend tailored to his own needs. The amounts range upwards, as necessary, from a minimum of \$100 annually to a maximum of \$2,200 per year or more. The average is about \$650. However, an appropriate grant-in-aid for the college is included as a part

HOW TO GET MORE FACTS

For more details on the company-sponsoring scholarship program described here, circle number 620 on Reader Service Card in back of issue.

of the award. The scholarships cover the four undergraduate college years.

Sponsoring companies may either pay the actual expense for each scholarship granted in the company name, or they may elect to pay the average cost of all of the scholarships in the program. This average arrangement has been chosen by most of the present sponsors in the program, since it stabilizes costs. Presently, the estimated total average cost of a four-year scholarship is \$5000 payable at the yearly rate of \$1,250 (about half of which goes to the student, the other half going to the college).

The National Merit Scholarship Corporation is tax exempt under the Internal Revenue Code. Thus, any scholarship your company establishes through the organization has the same tax exemption features it would have if it were granted directly to a college. m/m

3 styles of STANDARD ROL•DEX

for fast, economical record handling
records roll to the clerk!



Rol•Dex, Jr.
Model RS-53

SMALL volume record handling... The Rol•Dex, Jr., only slightly larger than a wheel file, has the advantages of much faster filing; greater capacity; variety of card sizes in the same unit; availability of records to outside reference. Designed for 2,000 to 12,800 records.

MEDIUM volume record handling... Up to 35,000 tab cards in model RL-73. Other models for 5"x3" and 6"x4". A compact work center with rolling work shelf for the seated clerk.



Model RC-73

LARGE volume record handling... extra filing space in the RC-Series. Will house tab cards (horizontally or on end); 8"x5" cards; 6"x4" cards, 5"x3" cards and MIB (2 1/4"x3") cards.

Send coupon for free literature

Pat. and Pats. Pending



WATSON MANUFACTURING COMPANY, Inc.
Rol•Dex Division, Dept. M-3, Jamestown, N. Y.

Please forward literature on ROL•DEX Standard Units

Name.....Title.....

Company.....

Street.....

City.....State.....

(For more information, see last page)

Home Study Course In Programming Business Computers

A home study course, the first and only one of its type, is being offered by Business Electronics Inc. Designed for people without technical training or experience, it is based on a similar course members of the firm developed and are teaching at a large University.

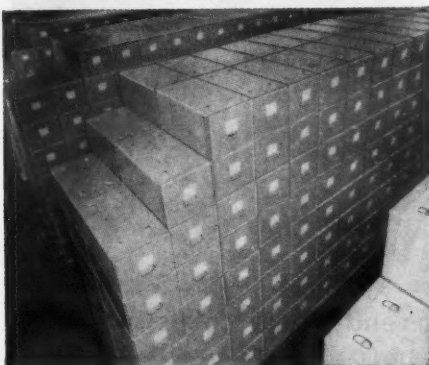
Students are taught to develop and program electronic systems for business problems such as Payroll, Accounts Receivable, Inventory Control, etc., for a theoretical electronic computer called BEC.

BEC was designed for instructional purposes and includes the best elements of commercially available computers. The knowledge the student gains from BEC can be applied to any computer. "Programming for Business Computers" provides an opportunity for the student to study at home at his own convenience for only a few cents a day.

Free brochures describing the course are available upon request from Business Electronics Inc., Educational Division, 420 Market Street, San Francisco 11, California.

(For more information, see last page)

**Q. GOT HIGH-PRICED HELP?
LOOKING FOR RECORDS?**
**A. LOW-COST "CONVOY"!
STORAGE FILES.**



All your semi-active or inactive records are instantly available. What a time and money-saver today!

Rigidized permanent Drawer and Shell construction eliminates shelving and costly searching (the biggest item).

All this at half the cost of steel because "CONVOYS" are heavy duty corrugated board processed to remarkable strength.

Sizes: letter, legal, check, deposit slip, tab card . . . 10 others.

There's a dealer near you — or write

CONVOY, Inc.

STATION B, BOX 216-M
CANTON 6, OHIO



(For more information, see last page)

thought starters

Thought Starters deal with "practical solutions to administrative problems." The editor invites contributions—which are paid for at our normal space rates.

COMMUNITY RELATIONS

Employee polio shots cause public recognition

When you do something unusual for employees, it's a mistake to hide your light under a bushel. By supplementing an employee program with good communications, you not only improve the program itself, but often get a by-product benefit, such as improved community relations.

Here's a case in point:

Recently Rome Cable Corp., in Rome, N. Y., decided to offer free polio shots to all employees. But instead of merely offering and giving the shots, the company studied all possible ways of focusing the attention of the community on the importance of all age groups being protected against polio.

First step was a series of four paid advertisements in the local newspaper urging the public to visit their family physicians and receive their polio shots. These large display ads also asked readers to contribute generously to the Mother's March, a local house-to-house fund drive for the March of Dimes.

The day after the last ad appeared, the firm wrote to all area physicians outlining the purpose of the ads and announcing the company's plans for offering free polio shots to all employees. Two days after the last ad, a news release was sent to the local newspaper announcing the company's plan.

A week later, the company medical director, Dr. James McDonough, sent letters to the employees telling them of the importance of polio inoculations. An informative eight-page booklet from the National Foundation for Infantile Paralysis, "What You Should Know About Polio and the Salk Vaccine," was included with each letter.

The next week the medical director sent a second letter to every employee in which he recom-

mended the polio shots. Included were polio shot record cards on which each employee could indicate whether or not he wanted the shots, whether he had already received them, or if he planned to



Good communication made a success of Rome Cable's polio shot program.

get them elsewhere. An informative four-page leaflet, "Get Your Polio Shots Now," was included.

Mass inoculation began about 10 days later. After receiving an injection, each employee was given a card urging him to take the other members of his family to his own physician for inoculation. The reverse side of the card contained space for keeping a family record of polio injections.

The result of this effort has been that more than four out of five of the employees took part in the inoculation program, and the company received full public recognition for making the shots available to its people.

COMMUNICATIONS

Closed-circuit TV system can be expanded as needed

RCA has developed a new industrial television camera chain, engineered for economical use with existing chains to form expansible closed-circuit TV networks.

The new camera is designed to meet a need in the educational, industrial, and commercial fields

Easier, more accurate punched-card controls...faster management reports!



New Keysort Data Punch imprints and punches in a single operation

Conveniently located to serve such varied applications as labor control, sales and order analysis, maintenance control or costing, Keysort Data Punch simultaneously *imprints* and *code-punches* production or sales information (such as — in labor control — work center, order and operation number, clock number) onto easily-sorted Keysort punched cards. Far faster, more legible than hand-written records. Compact, rugged, error-proof, the Keysort Data Punch speeds cards direct to accounting . . . makes possible complete, accurate compilation of *earlier* management reports.

Learn how Keysort Data Punch — in conjunction with Keysort punched cards — can today speed to your desk the timely reports necessary for true modern management control. The nearby McBee man will be glad to demonstrate the Data Punch's exclusive advantages. Phone him or send coupon for illustrated folder.

MCBEE

KEYSORT DATA PUNCH

ROYAL MCBEE Corporation

Port Chester, N. Y.

In Canada: The McBee Co., Ltd., Toronto 16

To: Keysort Data Punch
Royal McBee Corp., Port Chester, N. Y.
Please send me complete information
on the Keysort Data Punch.

Name

Title

Firm

City

No. of Employees

**The World's Most
ADVANCED Calculator
saves you the most money**



In speed, in accuracy, in overall performance, Monroe-Matic[®] Calculators are far ahead. Where other calculators depend on human decision, Monroe Calculators work automatically saving time, saving money, reducing errors. Monroe-Matic Calculators are being bought today by top companies like these:

Esso

Kellogg's

For the greatest savings... choose the world's most advanced calculator...

See the MAN from MONROE

Monroe Calculating Machine Company, Inc., Orange, New Jersey
Offices for sales and service throughout the world



for CALCULATING
ADDING • ACCOUNTING
DATA PROCESSING MACHINES

for a TV camera chain that can be used either as the foundation of an expand-as-needed closed-circuit TV system, or as an addition to a system already in operation.

The RCA TV camera chain (ITV-201) embraces a compact, portable vidicon-type TV camera, a



New camera expands networks

separate, self-contained control unit and a viewing monitor. The complete chain is priced at less than \$3,000, the actual cost varying according to installation requirements.

For further information circle number 616 on the Reader Service Card.

BUSINESS FORMS

Expense voucher eases tax problem

A new three-part Snap-A-Part form, produced by Philip Hano Co., Holyoke, Mass., will make it easier this year for taxpayers to maintain adequate records to prove business expenses.

Each sheet serves for a week and is subdivided by days and by major types of normal expenses, such as hotels, meals, laundry, entertainment and the like. A blank column is also provided for other than standard expense items and space is available for explanatory notes. Additional provision is also made for approval signatures, bookkeeping entries and comments.

The three parts of each form are designed for use by the traveler, for retention by the firm where advance expense funds are re-

quested and for the company's auditing use following the actual trip.

For more information circle number 618 on the Reader Service Card.

PROCEDURES

Mail delivery cost cut by one-third

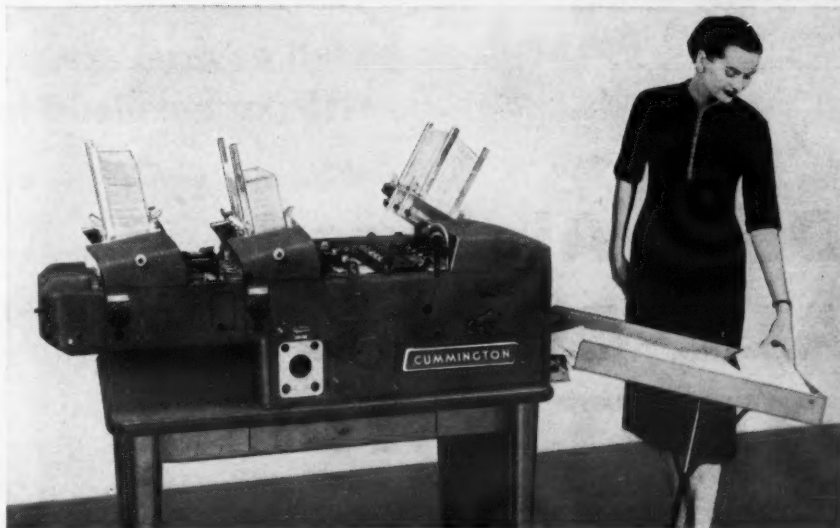
by Louis Alexander

A manufacturing plant in Texas has speeded up the internal delivery of mail, and cut the cost by one-third, by converting a speed truck bed from hauling small parts to hauling mail.

The mail truck is a moving distribution center. Mail is sorted into pigeonholes by the clerk while the truck is moving. Everything for each office is delivered when it stops.

The mail truck has a plexiglass and aluminum body, complete with shelving to hold the mail for the 103 offices throughout the Chance Vought Aircraft plant near Dallas. The plant maintenance department accomplished the conversion. The 14-horsepower gasoline motor uses about 50 cents worth of gasoline per day. Its route around the 103 stops totals 11 miles, route speed is five miles per hour, and the truck makes two trips a day. The stops include one at the control tower at the airport

Now! CUT MAILING COSTS WITH CUMMINGTON'S LOW PRICED 2 STATION MAIL INSERTER



You can afford mechanized mailing of statements, invoices, dividends, premium notices and sales promotion material.

If you are using old fashioned manual methods of envelope stuffing, you are already paying for a Cummington mail inserter — available in one to six station models.



CUMMINGTON CORPORATION
718 Beacon Street
Boston 15, Massachusetts

Mail coupon Today for further information

Please send me Bulletin MM-6

Name _____

Title _____

Company _____

Address _____

City _____ State _____

(For more information, see last page)

alongside the manufacturing plant. The old method of delivering mail was slower, and more expensive. Four girls delivered the mail on foot, pushing supermarket-type shopping carts. To reach the offices near the control tower, a driver rode the mail out.

This former method cost an estimated \$10,000 a year and required four clerks in addition to the special trip by the driver. The new method requires two clerks—one to drive and one to sort the mail in the back—and costs about one-third less, according to Chance Vought Aircraft officials.

COPYING EQUIPMENT

New sensitized film makes direct transparency

A new diazo sensitized film that produces direct positive transparent copy on clear pressure sensitive foil has been developed by Chart-Pak, Leeds, Mass.

Known as Di-Azo-Tak, the new material is designed for use in ammonia vapor diazo type equipment. It reproduces, in as many copies as desired, repetitive words, letters or legends, directly on pressure sensitive foil. The reproduced symbols may then be positioned on layouts without injury to the drawing.

The pressure sensitive adhesive is said to be heat resistant.

For more information circle number 617 on the Reader Service Card.

MATERIALS HANDLING

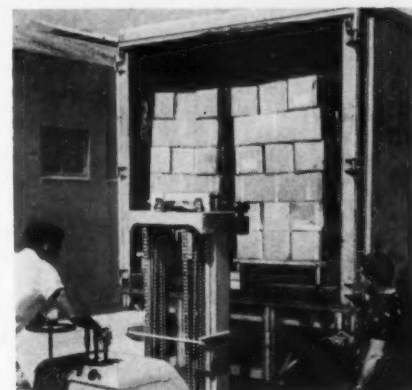
Pushbutton control loads, unloads vans

An electric floor conveyor kit, motivated by a pushbutton, has been announced by H. S. Watson Co., Emeryville, Calif.

The new Watson-DeWitt Moto-Vator is said to mount to the floor of any van body or trailer, and at the touch of a button, to walk pal-

letized loads in or out of the body.

The manufacturer claims that it can cut loading time in half and will keep two or three fork trucks busy feeding or relieving it during its loading or unloading cycle.



Electric kit cuts loading time

The Moto-Vator has been tested in operation over an 18-month period on a truck line in the Pacific Northwest. During this time it is said to have handled loads of 40,000 pounds and more of all kinds

Delta Air Lines ALL-CARGO FLEET serves these cities

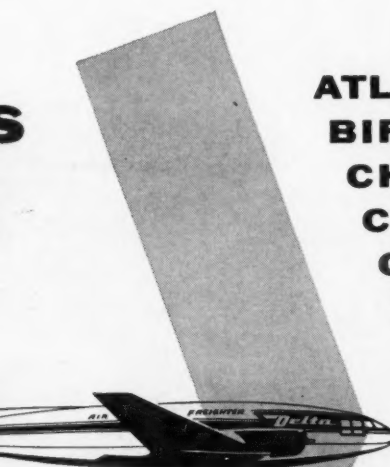
Costs less than you think. Saves time and money. Carries most anything that can be shipped!

Air Freight often costs less than rail express—yet gives next day delivery. It has no hidden costs—cuts out the costly stop-and-go delays of slow-poke surface transportation. Every Delta flight carries AIR FREIGHT, with over 500 departures daily in the U. S. A.

Typical 100 LB. RATE between

NEW YORK—ATLANTA	\$ 9.70
CHICAGO—MIAMI	\$14.20
PHILADELPHIA—DALLAS	\$17.30

Lower Rates Available on Volume Shipments



**ATLANTA
BIRMINGHAM
CHARLOTTE
CHICAGO
CINCINNATI
DALLAS
JACKSONVILLE
MEMPHIS
MIAMI
NEW ORLEANS
NEW YORK
NEWARK
PHILADELPHIA
ST. LOUIS**



(For more information, see last page)



FAILURES IN BUSINESS DATA PROCESSING

...and how to avoid them

A course for executives based on a frank
evaluation of actual business experience with electronics

- A critical case by case analysis of what has really happened in computer installations. (How many are actually paying their way?)
- A step by step program of tested techniques to guide you to real profit through automatic data processing.

Too few data processing programs are living up to expectations. When the facts are realistically appraised, automatic data processing seems to have more

promise than payoff. In many cases it has proved fashionable but expensive. There is much to be learned from the costly mistakes of others.

This course shows why results have been slow to materialize, why planned applications have not been undertaken, why expected savings have not been realized, why management decision making has not been helped. Automatic data processing does have tremendous potential; it takes planning and knowledge to take advantage of it. (See back of this insert.)

This course has been prepared by John Diebold and Associates, Inc. and is based on their unmatched experience and far reaching research as leading consultants in the field. It provides you with the practical means of obtaining real benefits from automatic data processing.

This course will be given in the following cities
on the dates indicated

Baltimore	February 10-14	Houston	April 21-25
Minneapolis-St. Paul	March 3-7	St. Louis	April 28-May 2
Seattle	March 10-14	Washington, D. C.	May 5-9
San Francisco	March 17-21	Detroit	May 12-16
Los Angeles	March 24-28	Boston	May 19-23
New York	March 31-April 4	Buffalo	June 2-6
Chicago	April 7-11	Cincinnati	June 9-13
Atlanta	April 14-18	Pittsburgh	June 16-20
	Hartford		June 23-27



Have you read this new FREE booklet? You will receive a copy of "Pitfalls to Business Data Processing" with no obligation together with the complete course outline and descriptive material when you return the attached card.

Act now to assure prompt receipt of registration information and full course description at no obligation. Registration is limited.

POSTAGE
WILL BE
PAID BY
ADDRESSEE

NO POSTAGE
STAMP
NECESSARY IF
MAILED IN THE
UNITED STATES

BUSINESS REPLY CARD

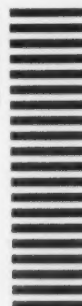
FIRST CLASS PERMIT NO. 15118, NEW YORK, N.Y.

Management Science Training Institute

A DIVISION OF JOHN DIEBOLD & ASSOCIATES, INC.

40 Wall Street

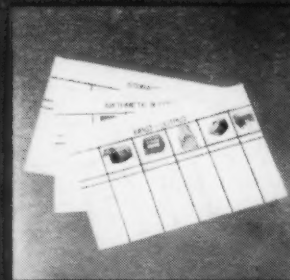
New York 5, N.Y.



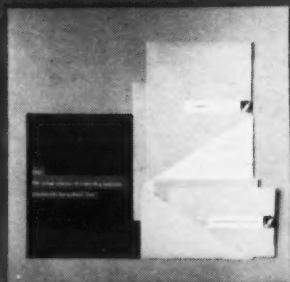
With this course
YOU RECEIVE
original study material
not available
from any other
source



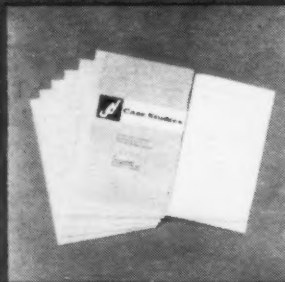
Three volumes of specially prepared, cloth bound course manuals



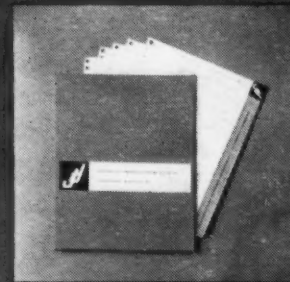
Equipment Data sheets for concise hardware comparison



John Diebold & Associates, Inc. Personnel Selection Kit, with copyrighted aptitude tests and employee questionnaires



Original detailed case studies of actual installations



A six month subscription to the bi-weekly ADP Newsletter to keep you up to date on new developments

FAILURES IN BUSINESS DATA PROCESSING ...and how to avoid them

An intensive five day course for executives

How to evaluate the real success of your automatic data processing program. Lessons to be learned from the costly mistakes of others.

This course guides you in formulating a concrete program for automatic data processing in your company and provides a penetrating analysis of existing automatic data processing installations. Whether your

company already has a computer or is just beginning to think about one, it will benefit from the tested and proved techniques presented in this course.

Check sheets, workbook, specially developed training aids and organization and flow charts help you in planning, evaluating, and managing automatic data processing in your company.

**YES
Please
send me
"Pitfalls
to Business
Data
Processing"
and
complete
course
description**

Gentlemen:

I should like to receive a copy of
"Pitfalls to Business Data Processing"
and further information on your course:

NAME _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

POSITION _____

The **MANAGEMENT SCIENCE TRAINING INSTITUTE** is the educational division of **JOHN DIEBOLD & ASSOCIATES, INC.**, leading professional management consulting firm specializing in the business use of automatic data processing. Training of client personnel has always been a major part of the John Diebold & Associates, Inc. consulting method. The **MANAGEMENT SCIENCE TRAINING INSTITUTE** combines this practical experience in data processing and personnel training with specially prepared course material to bring you sound, valuable help in developing automatic data processing personnel within your own organization. The Institute also provides specialized courses and in-company classes. For further information, write: Management Science Training Institute, 40 Wall St., New York 5, N.Y.



MANAGEMENT SCIENCE TRAINING INSTITUTE

A DIVISION OF **John Diebold + Associates, Inc.**

of cargo: cased goods, produce, lumber, cable reels and steel. During the year and one half of testing, the only mechanical problem, it is claimed, was a single repair operation of the conveyor chain.

For more information circle number 619 on the Reader Service Card.

EMPLOYEE RELATIONS

New self-mailing form eliminates suggestion box

Automatic Canteen Co. is now using a recently devised self-mailing suggestion form which encourages employees to turn in helpful ideas and makes a suggestion box unnecessary.

Produced by UARCO, the two-ply, carbon interleaved self-mailer enables a staff member to describe the old method, outline his proposed idea, clip a receipt and drop the form into the mail.

To make it easier to standardize suggestions, and thus simplify the task of reading and evaluating them, the form is broken down into sections. The area where the employee proposes his idea indicates specific questions to be answered about the new plan. Each form is numbered, as is the receipt blank which is detached by the employee before mailing. It is duplicated by an identical receipt that remains with the mailed form; this latter is filled out by the company and returned to the employee.

NEW LITERATURE

How to enjoy the leisure years

Designed for distribution to employees who are approaching retirement age is a 36-page, three-color, illustrated booklet, "A Preview of the Leisure Years."

Published by Retirement Education Inc., the publication explores such subjects as general attitudes toward retirement, leisure time activities, financial planning, protection of health, travel potentials, where to live in retirement, and other related subjects.

For a free copy, circle number 613 on the Reader Service Card.



**ALMOST
UNLIMITED
APPLICATIONS**

ACME VISIBLE

VISUAL CONTROL PANELS

**Chart Action, Indicate Trends,
Show Results, Permit Comparison,
Picture Organized Facts for
Analysis and Decisions.**

Complete flexibility with limitless signalling and charting possibilities . . . Easily adapted to your individual record requirements.

Lightweight panels contain clear plastic tubes which are individually removable and may be shifted from one position to another . . . Clarity of tube provides full legibility of contents.

Signals snap on or off at any point . . . Hold position until positively moved . . . Slide smoothly back and forth . . . By-pass freely.

Insertable index feature affords triple signalling potential: by position, by color and by legend of index.

Ask the man from Acme to show you examples—

ACME VISIBLE RECORDS, INC. CROZET, VIRGINIA

C-258

- ☐ Send us more information on Visual Control Panels.
- ☐ We are interested in Acme Visible equipment for _____ records.

KIND OF RECORD

- ☐ Have representative call. Date _____ Time _____

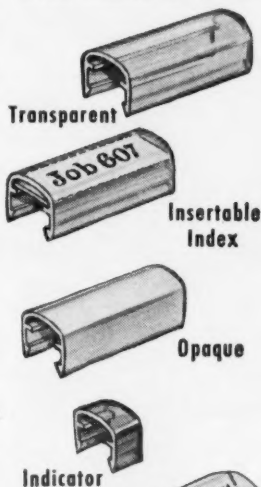
Company _____ Attention _____

Address _____

City _____ Zone _____ State _____

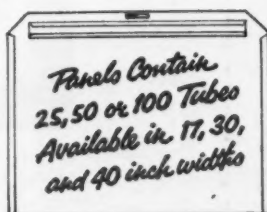
(For more information, see last page)

OVER-RIDING SIGNALS



For pencil notations and erasures

TUBE INTERIOR SIGNALS



**Buy lighting
as an investment
...and you'll**

demand DAY-BRITE



Illumination level of 116 foot-candles is maintained on desk top in the office of the president.

Day-Brite Recessed Troffers light the general office of the Land Title Guarantee & Trust Co., Cleveland. HORN & RHINEHART, Architect. WILLIAM B. FERGUSON, Engineer. ALBERT M. HIGLEY CO., Electrical Contractor

You do more than show pride in your offices when you insist on Day-Brite lighting fixtures. You show sound business judgement.

No other investment can pay bigger dividends in office appearance... and employee efficiency and morale.

And in the long run, you pay no more for the higher intensities of comfort lighting for better seeing provided by Day-Brite fixtures. Designed for easy hanging, relamping and cleaning, they minimize installation and maintenance costs.

Add to this the extra years of service assured by *decidedly better* Day-Brite quality, and you've got

the "dollar and sense" reasons why Day-Brite is your best lighting investment.

Want proof? Call your Day-Brite representative for a table-top demonstration.



Z-86

Day-Brite Lighting, Inc., 6282 N. Broadway, St. Louis 15, Missouri
Day-Brite Lighting, Inc., of Calif., 530 Martin Ave., Santa Clara, Calif.

NATION'S LARGEST MANUFACTURER OF COMMERCIAL AND INDUSTRIAL LIGHTING EQUIPMENT

(For more information, see last page)

How to select the best man for skill training



with aptitude tests

When this company had to staff a new plant from scratch, aptitude tests proved a time and money saver in culling 200 trainable workers from 1,200 applicants. Here are the steps taken and the outstanding results achieved.

By Richard P. Brown,

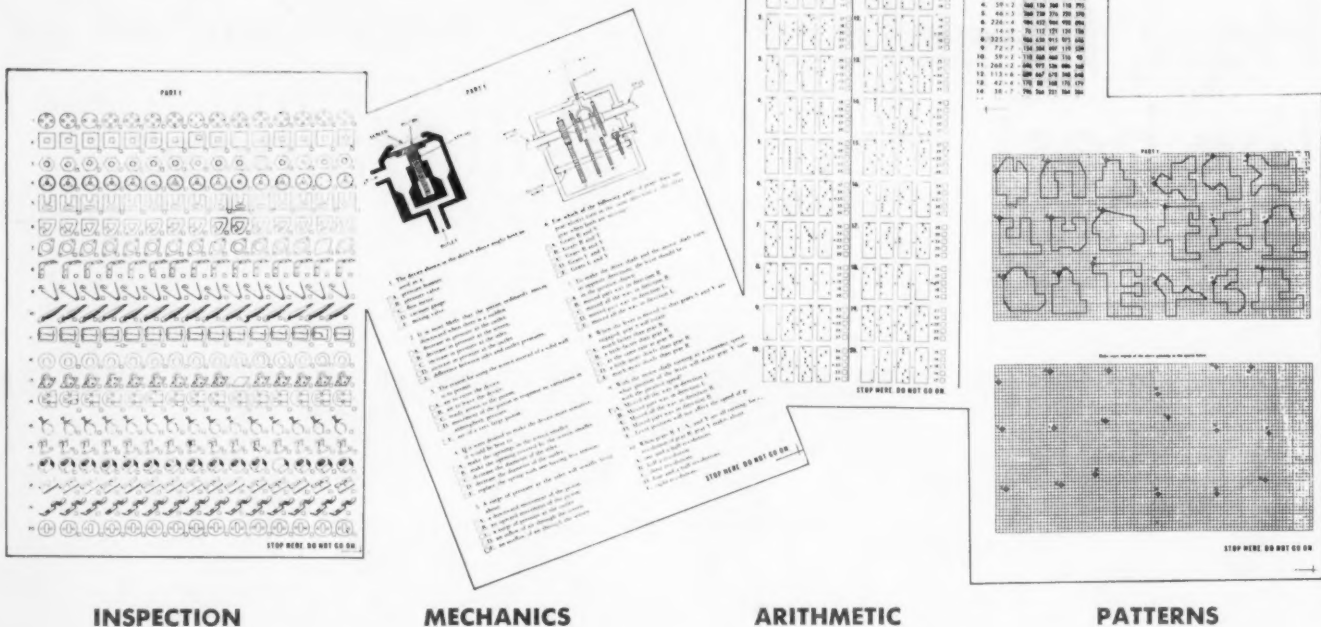
Director of Industrial Relations
Mesta Machine Co., Pittsburgh

A more detailed article on Mesta Machine Co.'s use of aptitude tests for selecting applicants with potential shop skills appears in the October 1957 issue of the Industrial and Labor Relations Review published by Cornell University.

Many companies today find it necessary to train their own skilled labor. Before undertaking to create skilled labor through training, there is usually a preliminary step necessary. It is to select those candidates who stand the best chance of being successfully developed in the skills your firm needs.

If you are seeking a way to make this selection, you can probably benefit from the experience of Mesta Machine Co. Starting almost from scratch, we staffed an entire plant using aptitude tests as our primary tool. The tests made it possible for us to complete our hir-

These skill tests were successfully used to select the 200 most



INSPECTION

MECHANICS

ARITHMETIC

PATTERNS

ing task in a minimum of time, at about a third of ordinary costs, and with results that so far have been excellent.

Here is the problem we faced and how we solved it:

Our company recently purchased a plant that had not been used for about 1½ years. Its previous work force had scattered. The task facing our personnel department was to re-man the plant as quickly as we could get it into full operation.

The nature of our business, high quality steel mill manufacturing equipment, required a work force made up of about 80% skilled workers. However, it was not feasible in the early stages to plan a training program for the men to be hired. Thus, it was our decision to bring in a nucleus of such tradesmen as machinists, fitters, core-makers, molders, and then to hire a younger group as "learners!" These young men would progress to become "helpers" or "machine operators" and, when formal training could be arranged later, skilled craftsmen.

200 jobs, 1,200 applicants

News of our plan to hire shop personnel brought a tidal wave of job applicants—1,200 applicants

despite the fact that only 200 jobs would be available. It was obvious that some method of preliminary screening had to be found. We examined the problem and decided that aptitude tests would provide the best solution.

Since we wanted a young group of learners, consisting of men mentally equipped to develop the skills required, we now set two arbitrary requirements to determine which applicants would be tested. First, we decided that no one who had passed his 30th birthday would be tested. Second, we decided that only high school graduates would be tested. These two requirements eliminated about 500 applicants and left about 700 for further consideration.

Now the problem was to find a suitable battery of tests that would help us determine which 200 of the remaining 700 applicants would make the best employee for us. We realized that this was no small task for aptitude tests to accomplish. Under less extraordinary conditions, present employees can be tested to establish test norms for use in measuring the test ratings of applicants. But in our case only a handful of workers had been hired by the time we were ready to begin testing our applicants

and, in any event, no suitable job performance criteria measures were available. The other normal alternative—follow-up studies of tested applicants—could not be considered because of the need for immediate hiring.

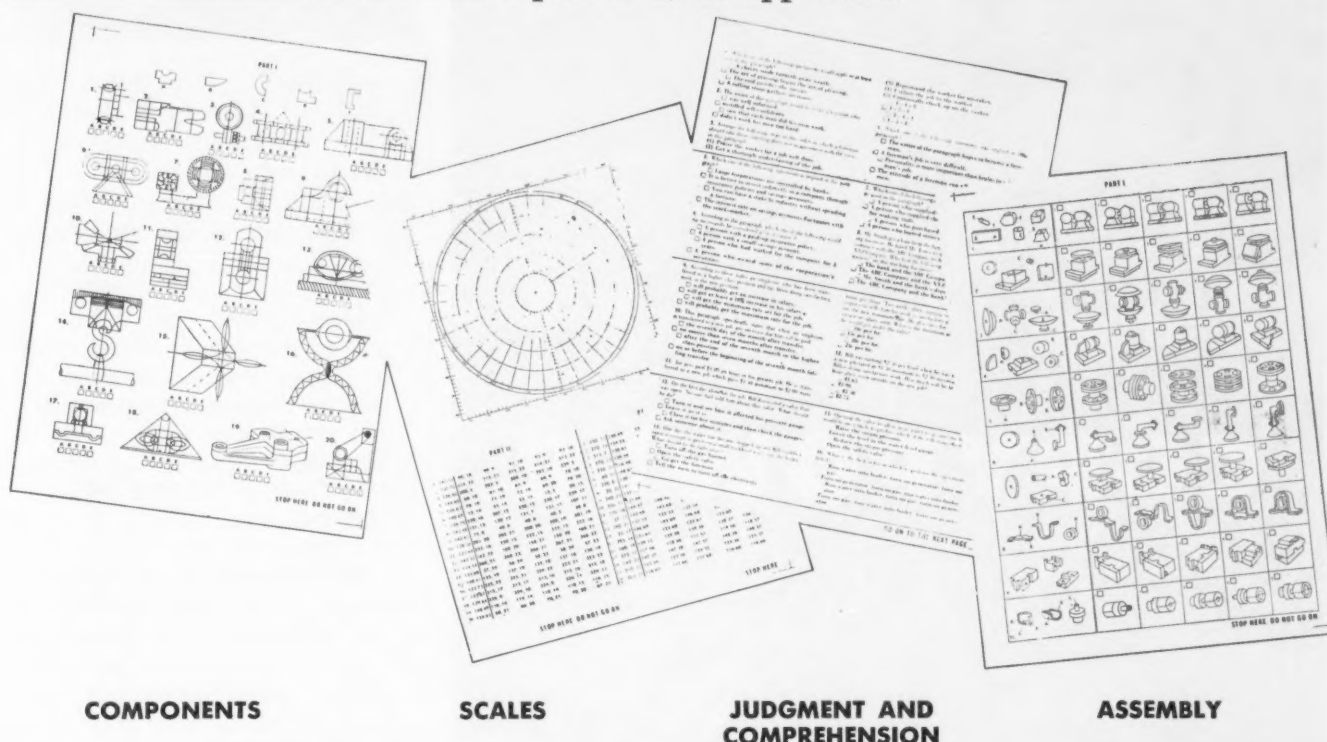
Valid series sought

It was clear that we needed a battery of tests with some pre-established validity for identifying the applicants most likely to be good future employees for us. This indicated our need to use a test series that had previously been found useful in selecting applicants for similar jobs from similar populations. In other words, we needed tests that had been successfully used to predict performance in shop jobs by local workers.

Another consideration was the large group of applicants to be tested. Because of the number, we wanted tests of the pencil and paper type that could be administered to large groups at once. Individual tests, including most of the recognized apparatus tests, seemed out of the question because of the time and costs involved in administering them.

A study of available tests turned up a test battery that seemed particularly well suited to our specific

trainable unskilled workers from a pool of 1,200 applicants.



requirements—the Flanagan Aptitude Classification Tests, developed by Dr. J. C. Flanagan of the American Institute for Research, Pittsburgh. The series consists of 14 tests, and we decided to use 10 of these, eliminating the ones covering clerical and other unrelated work. The 10 tests we decided to use covered: inspection, precision, assembly, scales, coordination, judgment and comprehension, arithmetic, patterns, components, and mechanics.

Administering the tests

Since we wanted to test our 700 applicants with maximum savings of time and cost, we decided to give the test to large groups of applicants over a period of seven days. A large room in the plant's office building was reserved for the purpose and applicants eligible for the test were invited by postcard to come to the plant and take the test on a specified day. Of the 700 eligible applicants, 463 appeared on the scene to take part in the testing program. The tests were administered at each of the scheduled times by a test administrator and two proctors.

The next step was to score the tests. This was done scientifically using the stanine score procedure

devised by the Air Corps during World War II.

Scores on each of the 10 tests were computed for each applicant. From these 10 scores a single overall score was computed for each man. Using these scores as a criterion, 258 of the 463 tested applicants were eliminated. This left 205 applicants to be given further consideration for the 200 jobs available.

The next step was to determine which of the 205 remaining applicants were best suited for which jobs. This was done by scientific means, using sub-groupings of the 10 tests taken. To give an oversimplified example, a man who rated high on the tests covering precision, assembly, judgment and comprehension, and components could be identified as best suited for a job as an electrician. Once it was determined which occupational area or areas the tests indicated each man was best suited for, we were ready to begin interviewing.

Applicant given choice

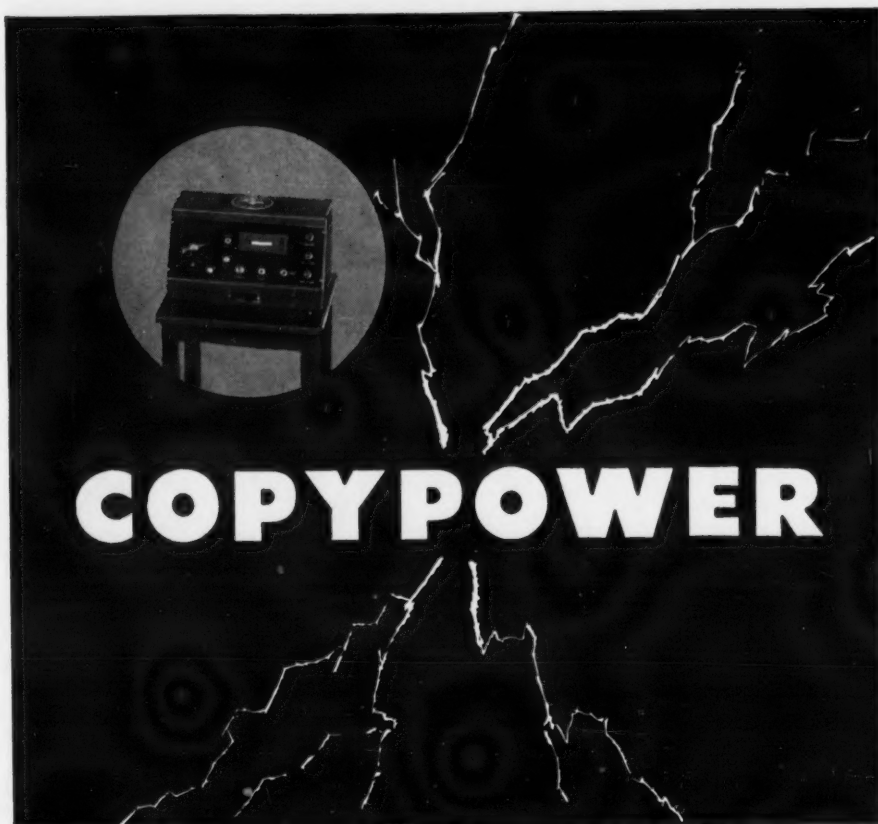
If the results of an interview were satisfactory, the applicant was told in which job area he scored highest, and, insofar as possible, given a choice of the spe-

cific job he preferred. If no job was available in the area of his choice or best qualification, he was hired for whatever job he was qualified, and given the possible option of transferring to the job of his preference or best rating as more personnel were required in such work.

Results vindicate method

The result of this selection and hiring procedure was that we overcame what initially appeared to be an almost impossible situation. A preliminary indication of the validity of our testing approach is the fact that supervisory personnel in the plant have indicated their belief that outstanding applicants have been chosen. For example of the first 20 applicants hired, only one was rated below average after three months on the job.

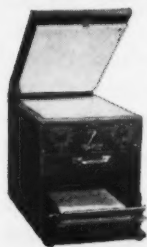
Actual proof of the success achieved with aptitude tests will, of course, depend on follow-up studies over a period of several years. Such studies will be made. In the meantime, we feel confident that our aptitude testing method of selecting unskilled workers capable of being trained to the specific shop skills required has been economical, time-saving and extremely effective. m/m



Your key to complete photocopy satisfaction
BY PHOTOSTAT
REG. U. S. PAT. OFF.
 PHOTOSTAT CORPORATION ROCHESTER, NEW YORK

PHOTOGRAPHIC
 COPYING EQUIPMENT
 APPARATUS
 ACCESSORIES
 PAPER
 DEVELOPER
 FIXER

Flexible Photocopying Equipment For Every Office Use

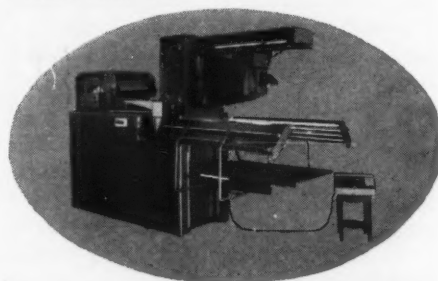


Photostat Corporation offers a choice of seventeen models of apparatus to meet any individual photocopying requirement. These models range from small office secretarial type units, to large capacity machines for the use of centralized in-plant production of photocopies.

Backed by almost fifty years of "know-how" in the photocopying field, Photostat Photographic Copying Equipment can help solve your partic-

ular copying requirements . . . large or small . . . routine or special.

Our representatives located in principal cities throughout the country and in Canada are experts in their field. They will be glad to assist and advise you . . . whatever your copying problems may be.



PHOTOSTAT is the
 trademark of
 PHOTOSTAT CORPORATION.



PHOTOSTAT CORPORATION
 P. O. Box 1970-C, Rochester 3, New York

(For more information, see last page)

consensus

ELECTRONIC BRIEFS
 WORTH REPEATING



Fast new electronic printer

Development of what is termed the world's fastest print-out equipment, a device to accelerate the electronic processing and printing of computer data, has been announced by Stromberg-Carlson (division of General Dynamics Corp.) and by the Haloid Co.

The product is an electronic marriage of the Charactron shaped beam tube of Stromberg-Carlson and Haloid's Xerox Copiflo printer. The resulting product, the Model 5000 high speed electronic printer, achieves its speed without high-speed moving parts.

The S-C 5000 is said to print the output of electronic computers at 4,680 lines per minute, five to 10 times faster than the speed of present electromechanical printers. It can be used in both the on-line method of receiving electronic data direct from the computer, and the off-line method of receiving the data from magnetic tape.

The S-C 5000 will have such commercial data processing applications as preparing bank statements, billings, insurance notices, manufacturing control reports, missile and aircraft engine data reduction, address labels, etc.

For more details circle number 614 on the Reader Service Card.



Desk eases tape handling

Shaw-Walker's new Flexo-writer file-desk features a cut-out top to facilitate the handling of tapes and cards.

A sliding tape box holds tape supply and supports tapecatchers, winders or unwinders. Instant availability of punched

tape or edge punched cards is provided for the operator through a drawer which houses them in holders. Undercoating of top provides for sound absorption.

According to the manufacturer, models are available to fit specific applications.

For more details circle number 611 on the Reader Service Card.



New oscillator shown

Development of an ultra stable subminiature adjustable audio oscillator has been announced by CG Electronics Corp., a subsidiary of Gulton Industries.

The manufacturer claims that it can be used as a stable tone modulator for energizing frequency sensitive relays in remote locations and as a remote frequency audio decoder. The new oscillators are can mounted for plug-in construction and are available in frequency ranges from 200 to 1,000 cps. Characteristics noted include short period drift of 0.1 cycle, less than .5% drift over a temperature range of 0° to 150°F, less than 5% distortion and 0 to 30 volts RMS output.

For more details circle number 610 on the Reader Service Card.



More automatic controls

Broader application by U. S. industry of automatic controls to include more processing functions was significant development during 1957 in improving production techniques, according to Henry F. Dever, vice pres. of Minneapolis-Honeywell's Industrial Products Group.

"The compelling need of industry to offset costs that are rising faster than gains in productivity, and the intricate nature of many of today's manufacturing operations stimulated interest in all forms of instrumentation," he said in a year-end report.

Sharper competition, necessitating the replacement of obsolete equipment, and the increasing billions of dollars that are

being spent in research and development of new products, also have been important factors in enlarging the use of instruments that indicate, record and control a wide variety of physical and chemical conditions vital to production, he said.

While sales of automatic controls were the largest in the instrument industry's history in 1957, Dever said, declining economic activity is expected to affect adversely sales well into 1958.

Any substantial dip in spending for new plants and equipment, such as that now taking place, is bound to have an impact on the instrument business," he said.

Nevertheless, Dever expects the trend toward broader application of instrumentation to continue since only some 10 to 14% of the potential has been realized.

Typical of the new areas in instrumentation that have opened up and gained increasing acceptance is the development and in-



"Our THOMAS COLLATOR paid for itself on the very FIRST JOB!"

JAMES E. WILLIAMS, Off. Mgr.
J. T. BAKER CHEMICAL CO.
Phillipsburg, N. J.

"The job I'm referring to was the collating of 2500 copies of Baker Chemical's 300-page price catalog. Normally a catalog of this size has its share of production problems, but an emergency 65% revision, midway through, complicated matters even more.

"Yet instead of 20 to 30 girls doing hand collating and piling up hundreds of hours of overtime, we accomplished the entire catalog revision and assembly with a Thomas Collator and three girls . . . during regular working hours!"

You, too, can increase efficiency, perk up office morale and cut costs by 50% with a Thomas Collator. And only with Thomas do you have the pick of two complete lines — electric-powered and mechanical! There's a big price advantage, too! Thomas Collators cost less per bin opening than any other collator — bar none!

Send today for the full story . . . simply, completely told in our new fully colored, illustrated brochure. No obligation, of course.



**Thomas
Collators Inc.**

*More in use than all
other makes combined*

Copyright 1957, Thomas Collators, Inc.

Thomas Collators, Inc., Dept. D
50 Church Street, New York 7, N. Y.

At no obligation, please send me:

- ☐ FREE New Full Color Brochure
- ☐ FREE Collating Cost Calculator
- ☐ Demonstration at my convenience

NAME _____ (Please Print)

COMPANY _____

ADDRESS _____

CITY _____ STATE _____

(For more information, see last page)

FAST FILING... plus protection!



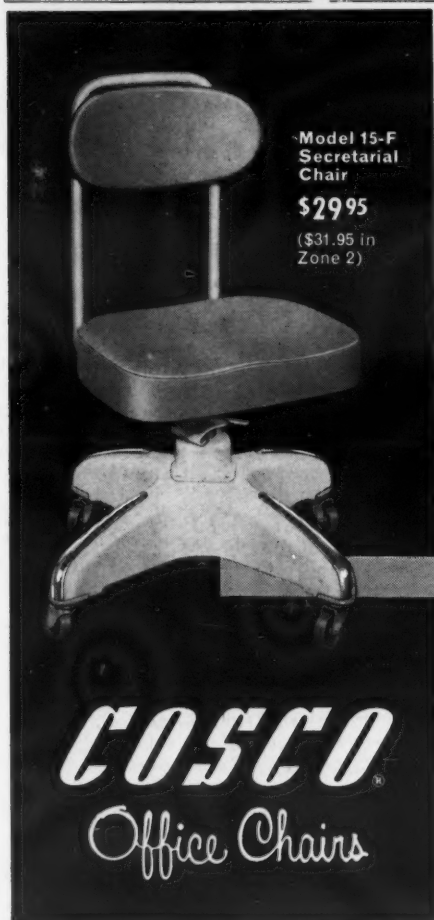
SPACEFINDER FILES

... give you the speed, convenience and economy of shelf filing plus the dust, dirt, and fire protection of drawer files.

See how girl can instantly read thousands of side tabs—with all folders readily accessible. Find out how Spacefinders pay for themselves once a year—by saving you time, space and money every day... send for 24-page Spacefinder catalog today. Tab Products Co., 995 Market Street, San Francisco 3.

TAB
PRODUCTS CO.

(For more information, see last page)



Model 15-F
Secretarial Chair
\$29.95
(\$31.95 in Zone 2)

COSCO
Office Chairs

"Office fashioned"

FOR APPEARANCE, COMFORT, WEAR

● Cosco "Office fashioned" Chairs are designed by seating engineers and mass-produced by skilled craftsmen... to look better, feel better and wear better than other chairs costing twice as much. All component parts except casters are manufactured in our own plant... a practice which permits greater economy and quality control. Contact your Cosco dealer, listed in yellow section of phone book, for free ten-day trial!

HAMILTON MANUFACTURING CORPORATION
COLUMBUS, INDIANA

Model 20-LA
Conference Chair
\$29.95
(\$31.95 in Zone 2)



Model 18-TA
Executive Chair
\$49.95
(\$52.45 in Zone 2)

Model 23-L
General Chair
\$15.95
(\$17.95 in Zone 2)



(Zone 2: Texas and 11 Western States.) Copyright, 1958

(For more information, see last page)

stallation of control systems for advanced applications.

The function of these systems also is being extended to data handling to provide more centralized control over product quality, cost accounting and yield studies, the Honeywell official said. In data handling, he explained, data of many kinds is simultaneously and automatically collected and printed, on log sheets for visual analysis or for later mathematical analysis by computers.



Machine selects taped data

A new integrated data processing machine allows punched tape to complete entire accounting procedures, from the original document to selection of various components for analysis.

Marketed by Friden, Inc. under the name Selectadata, the machine permits the automatic selection and sorting of data coded in punched tape, eliminating need for conversion to punched cards. It permits tape to skip through a reader quickly and accurately until a preselected address code is read and it offers a choice of up to 127 different address codes. When used in conjunction with the firm's Flexowriter and Solenoid-operated adding machine it provides business and industry with its first low-cost tabulator.

Readout on the Flexowriter is accomplished automatically at more than 100 words per minute. Repeat search on the Selectadata performs a new type of data processing directly from by-products of the original punched tape. The machine can also serve in inter-department areas of larger business to meet sales analysis and inventory control requirements where on-the-spot reports can be prepared quickly with relatively inexpensive equipment. Item selection in billing or invoicing, paragraph or item selection in automatic letter writing and alternate or selective program control can be easily accomplished.

For more details, circle number 615 on the Reader Service Card.

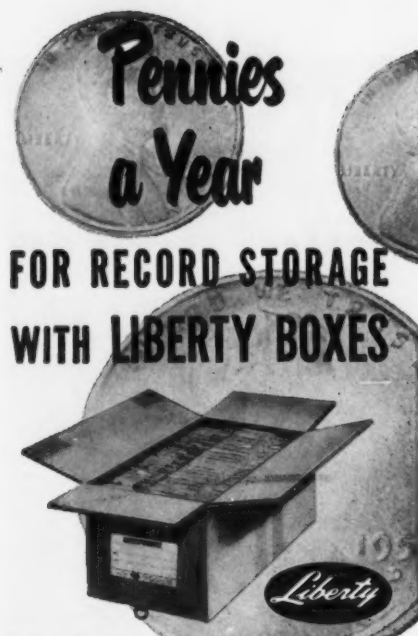
"I'm sick of this overtime on payrolls!
Invoices! Statistical listings! Now if we
only had Burroughs Calculators
with those instant-action keys
and those simplified keyboards...
we could really go to town
on high-volume figuring!"



There's a Burroughs Calculator just right for your high-volume figuring. Demonstration? Call our nearest branch. Burroughs Division, Burroughs Corporation, Detroit 32, Michigan.



(For more information, see last page)



FOR RECORD STORAGE WITH LIBERTY BOXES

Keep inactive records safe, clean and neat with Liberty Storage Boxes. You'll find them sturdily built...and so economical. The cost of a Liberty Box over a ten-year period figures out at just pennies a year! Write today for free catalog—find out how Liberty Boxes can help you lower record storage costs. Sold by stationers and office equipment dealers from coast to coast.

BANKERS BOX CO. Dept. MM-2
2407 North 24th Avenue • Franklin Park, Illinois

(For more information, see last page)

"For Building Business..."

The Elbe File & Binder Co., Inc., Fall River, Mass., published an all-new, 116 page, loose-leaf & sales presentation catalog. It lists over 1500 stock items and hundreds of made-to-order binders. The features: 1. An exclusive loose-leaf planning section; 2. Helpful idea sections for increasing office and sales efficiency; 3. Special sections dealing with sales tools, custom-made products, advertising specialties, business gifts and visual aids; 4. Dozens of all-new stock lines and advanced styles.

IDEAS

For Building Business with:

- BINDERS
- FOLDERS
- PRESENTATIONS

JUST PUBLISHED — 116 page catalog
for every business need... **YOURS FREE**

Write Today

ELBE ELBE FILE & BINDER CO., INC.
FALL RIVER, MASSACHUSETTS

N.Y.C. 411 FOURTH AVE.

ONE OF AMERICA'S LARGEST MANUFACTURERS OF LOOSE-LEAF PRODUCTS

Dept. M-2

(For more information, see last page)

How to get more from "creative" people (Continued from page 35)

controls. These cover budget planning, purchasing and traffic control, and control reports which measure performance against plan.

Budget planning: Figure 6 shows how we establish our budget plan. The left-hand column shows our basic advertising and sales promotion functions. The top row covers each basic product group. The dollar figures then are posted into each product group by function. Built into this budget plan is our control system. Each *product group* has a designating code number M-10, M-20, etc. Each *function* has a designated code letter, A, B, C, etc. As an example, all identification of marine direct mail is made by code number M10C. Job numbers can be added to this code number so that M10C-01 is the first direct mail job.

After budgets are approved by management, we are ready to start our expenditures. We have worked out a simple system to do this.

Purchasing and traffic control: Each project is written up in full

detail on a project initiation form and necessary approval is obtained. Since there are usually several jobs involved in each project, each of these is written up on a job order form, which acts as a department purchase order. Copies go to the vendor and to people in the department for control. A job folder is created into which goes a copy of the job order plus all other material gathered until the job is completed. When the invoice is received, it is checked against the job folder, O.K'd, and sent to accounting.

Control reports: Accounting then posts and pays the invoice. At the end of each month, they summarize all expenditures by "M" number and issue the summary expenditures report, as shown in Figure 7. This report shows how we are performing against budgets so that necessary corrective actions may be taken.

Throughout the entire control system, specific "M" numbers have been assigned which are used both

6. BUDGET PLANNING

Code	M 10	M 20	M 30	M 40	M 50	M 60
Function	Marine	Industrial	Components	Communications	Medical	Radarange
A Operating	M 10 A					
B Publicity	M 10 B					
C Direct Mail	M 10 C					
D Advertising	M 10 D					
E Exhibits	M 10 E					
F Sales Tools	M 10 F					
G Product Aids	M 10 G					
TOTAL	(M 10) \$					

as charge numbers and as job numbers.

Activities report: Each month, the advertising supervisor issues an activities report (*Figure 8*) which ties in "M" number projects and jobs showing their status, what has happened to them during the previous month, and a planned schedule for the next six months.

Departmental communications

The product supervisor is the key man in our advertising and sales promotion department communications. He is responsible for discerning the needs of each of the groups, counseling on their advertising and sales promotion requirements, obtaining and distributing the necessary data, getting required approval, supervising those groups responsible for execution, and merchandising his activities so as to obtain enthusiastic support for our programs.

In order to establish and stabilize our communication activity, we felt it was important to establish a

system of written policy and procedures. We therefore set up an advertising and sales promotion standards manual. This manual is distributed to key people throughout our Marketing Department. It contains new policies and procedures, and revisions of older ones. It covers every major aspect of departmental operations, from over-all organization and responsi-

bilities, to specific functions like contests and package labels.

Testing and measuring

Our product supervisor is responsible for testing and measuring his total advertising and sales promotion program against established objectives. Our creative services groups are responsible for testing and measuring their spe-



State Mutual Life Assurance Company of America, Worcester, Mass.

7. CONTROL REPORTS

Marine Products (M 10-)

	Authorized	Jan.	Feb.
A Operating	\$1000	100	200
B Publicity	2000	125	200
C Direct Mail	2000	150	500
D Advertising	2000	125	400
E Exhibits	2000	100	500
F Sales Tools	2000	50	100
G Product Aids	1000	75	300
TOTAL	12,000	725	2,200
Total Authorized by MONTH	—	1,000	2,000

MILLS MOVABLE WALLS give you Space Control

Ten years from now these office layouts will have been changed four times—an estimate based on The Mills Company's thirty-seven years experience in subdivision of interior space. Because Mills Walls are movable they will have saved more than their original cost long before ten years have passed. As changes in space requirements make new layouts necessary, these walls can be rearranged quickly, easily and at very low cost...without dust, debris or commotion...with no interruption of normal routine. They give you real *Space Control*.

Handsome interiors by Mills stay smart and modern no matter how often they are rearranged, because of their exclusive patented design and all-welded construction. They never require refinishing — only occasional washing keeps them looking always fresh and new. Available in a wide variety of styles, colors and finishes to meet every interior requirement.

THE MILLS COMPANY • 946 Wayside Road • Cleveland 10, Ohio



Write today for the 1958 Mills Catalog

MILLS MOVABLE WALLS



NOW! you can get Mills Movable Walls—fabricated and installed—in 3 to 6 weeks time.

(For more information, see last page)



The young lady is
to be commended
BECAUSE
REMARKABLE
RESISTALL
LINEN LEDGER
IS WASHABLE!

and withstands all such things as
hard rubbing without roughening
the surface . . . plus

Resistance to

Boiling water
Oil and grease
Hard handling
Many alkalis and acids
Perspiration

RESISTALL Linen Ledger is made of
100% new, white cotton fibers.
Another famous L. L. Brown quality
value.

YOURS AT VIRTUALLY
NO INCREASE IN COST

L. L. BROWN

Correspondence & Record

PAPERS

Since 1849
Adams, Massachusetts



(For more information, see last page)

MONTHLY ACTIVITIES REPORT - A & SF			For: <u>September</u>		1956							
FROM: <u>W. W. Wozler</u>			Month		Year							
Signature			Product Line: <u>Marine</u>									
To: <u>W. W. Wozler, R. W. Curtis, M. M. Walker, E. Keeler, R. E. Colwell</u>												
MS JOB NO.	PROJECT	STATUS	DATE		COMPLETION DATE							
			Comp.	Due	Oct	Nov	Dec	Jan	Feb	Mar.		
MI-026-00	DB-122 Package Design	Production										
MI-025-00	DB-122 Lay Away Program	Planned			10/26		11/1					
	a. A-1050 reprints	Completed	9/25			10/5						
	b. Dealer follow-up letters	Production			10/1							
	c. District follow-up letters	Production			10/1							
	d. Window Streamers	Production			10/1							
	e. YACHTING counter cards	Production			10/1							
MI-202-50	A-1022-1500 Radar	Completed	9/26			10/1						
MI-202-50	A-1022 - DB-102, 105	Completed	9/26			10/1						
MI-202-50	A-1037 - Sandwich Mount Transducer	Completed	9/25									
MI-202-50	A-1027 - DB-121	Planned					11/1			12/1		
MI-202-50	1100 A Radar Ad	Planned								12/1		
MI-110-211	"How to Use Fathometer" revise	Planned										
MI-001-284	Radar Reflector Promotional Tag	Planned				10/15						
	Dealer Announcement Program	Planned				10/15						
	a. Dealer Postcard	Copy	9/21			10/15						
	b. Announcement Letter	Copy	9/21			10/15						
	c. District Memo	Copy	9/21			10/15						
MI-001-253	Product Postcard Mailing Program	Planned					11/1					
	Brown & Sigelow Salesman's Program	Planned				10/1						
	District Case History form	Distributed	9/26									
	New Dealer Agreement Package	Production				10/12						
	Radar Sales Presentation	Planned								1/1		
MI-025-00	Storm and Whistle Cards Revise	Production				10/15						
MI-001-270	Dealer Signs (Reorder)	Completed	9/17									
MI-202-50	Christmas Program	Planned					11/1					
	a. A-1051 All Dealer Products	Production		10/5	10/5							
	b. Self-mailer	Layout	9/26			11/1						
	c. Dealer letter	Planned				11/1						
	d. District memo	Planned				11/1						
	Fitting Out Program	Planned										3/1

8. STATUS REPORT CONTROLS ALL ACTIVITIES

cialty functions. We are currently working on increasing our efforts on both groups of activities so that we are testing and measuring on a planned basis.

However, we have compiled data to measure the results of our re-organization. The following table compares fiscal 1955 (the period prior to our re-organization) to the period just ended, fiscal 1957. It shows the increased efficiency resulting from this re-organization.

ADVERTISING and SALES PROMOTION EXPENDITURES

	Fiscal 1957— Actual (Fiscal 1955 = 100%)	Fiscal 1957— % of Shipments (Fiscal 1955 = 100%)
Total	93%	67%
Direct	96%	70%
Operating	84%	60%

Increased efficiency is indicated by the above table. The question remains: has there been an in-

crease in advertising and sales promotion effectiveness and, if so, by how much?

There are many broad criteria which we use to indicate the increased effectiveness of our advertising and sales promotion programs. Some of these are: increased order volume and shipments, profitability, recognition and favorable comments from many groups including our field sales force, channels of distribution and even our competition. However, the best criteria for evaluating the increased effectiveness of our advertising and sales promotion is an analysis of the specific programs themselves. We have analyzed several of these programs and are convinced that effective results are most likely to be obtained when you emphasize the management phase of advertising and sales promotion. m/m

HERE'S HOW

Eastman Tag



gets faster processing from

its new ADP order-billing-shipping system

The Company's original method involved manual calculating, writing, checking, and copying operations in various departments during normal order processing. Whenever changes were incorporated, the entire order was reprocessed. Cards were manually key-punched for many operations, making secondary controls necessary.

Automated Data Processing eliminated these disadvantages. It provided faster processing, machine calculation, accuracy, and cost control with a minimum of manual operations.

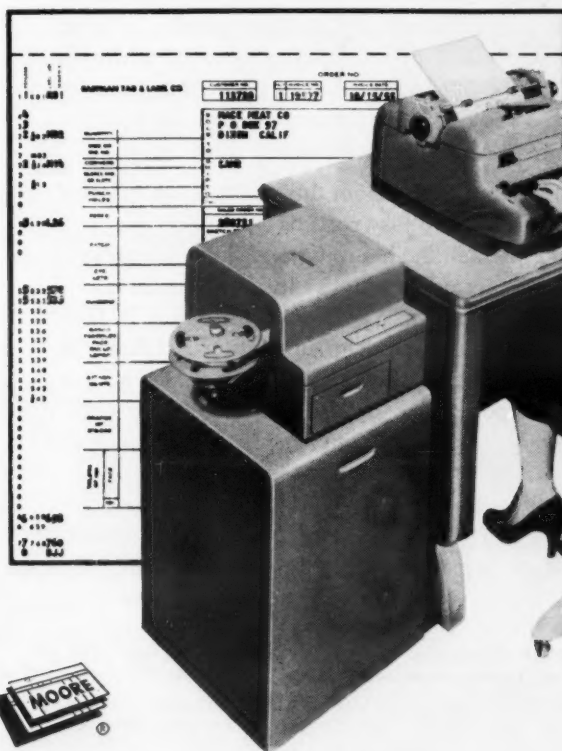
The new ADP system uses a 9-part Moore Production-Acknowledgment-Shipping Order as the initiating form. The Order is typed on

an IBM Typewriter Tape Punch which automatically produces a by-product punched tape for conversion to punched cards. The cards prepare all subsequent records . . . including the Invoice and Statement.

The Moore man, using Moore facilities, helped the Company's systems men in the scientific design and construction of the forms that fit the Automated Data Processing system. The Moore forms are: a 9-part Speediset Production-Acknowledgment-Shipping Order; an 8-part Speediflo Invoice Form; a 2-part Continuous NCR Statement; an 8-part Continuous Marginal Punched Stock Goods Order-Invoice.



If you would like to read the details in this booklet, write on your Company letterhead to the Moore Office nearest you.



MOORE BUSINESS FORMS

Inc

NIAGARA FALLS, N. Y. • DENTON, TEX. • EMERYVILLE, CALIF.

Since 1882 the world's largest manufacturer of business forms and systems. Over 300 offices and factories across U.S., Canada, Mexico, Caribbean and Central America.

(For more information, see last page)



Quick copies of anything on paper

with the new A. B. Dick photocopy duplicator

"On-the-spot" copies of anything printed, duplicated, typed, written, drawn or photographed . . . on opaque, two-sided or transparent paper, white or colored . . . heavy cardboard, pages bound in books or magazines. You can make them in seconds, for pennies, with the new A. B. Dick photocopy duplicator.

Every photocopy is an exact duplicate of the original—black on white for easy reading. Completely permanent, too, with all the handling and filing advantages of regular 24-pound paper. For further information—or a demonstration—call your distributor of A. B. Dick products. He's listed under Duplicating Machines in the classified section of your phone book. Or simply mail the coupon.



A·B·DICK®
DUPLICATING PRODUCTS



A. B. DICK Company Dept. MM-28
5700 West Touhy Avenue, Chicago 31, Illinois

Please send me more information about the new photocopy duplicator that makes "quick copies of anything on paper."

Name

Position

Company

Address

City Zone State

(For more information, see last page)

6 ways to trim waste

(Continued from page 39)

cases, therefore, the fund may actually be paying twice—once as a direct fee to the consultant, who says he receives no commission, and a second time in the form of an indirect charge for commissions in the retention. Despite what the consultant may have said, this is a commission whether the trustees know about it or not.

Eliminate unnecessary fees

Under normal circumstances the insurance company should not pay any fees in addition to commissions. Such supplemental fees are sometimes paid by insurance companies to agents or brokers for processing benefit claims, self-accounting and other services which the insurance company might otherwise render directly. If the health and welfare fund undertakes to perform services that the insurance company might otherwise perform, the fund should benefit from a reduced retention. The savings involved by the elimination of certain insurance company services should not go to an agent, broker, consultant or actuary but should accrue to the benefit of the health and welfare fund.

Consider using a self-accounting system for the health and welfare fund

Another item included in the insurance company's retention is the expense involved in the preparation and processing of the premium statements. The premium statement is the monthly report sent to the insurance company reporting on the total number of employees covered by the plan that month, the new employees added for coverage and the employees dropped from coverage in the particular month. The premium statement also usually gives the volume of insurance in effect that month and other information which goes into the calculation of the premium due the insurance company.

In many instances it is simpler and less expensive for the health and welfare fund to prepare its own premium statements to the insurance company than to have the insurance company prepare them. The health and welfare fund

3 CASE HISTORIES

How to save on welfare funds

Here are three typical examples, based on actual facts, showing how unnecessary costs can be eliminated from health and welfare funds.

CASE A

This is a health and welfare fund which has been in existence for more than five years. It covers approximately 7,000 employees plus their dependents. An analysis of the gross and net cost of the insurance was prepared. The policies were combined then for commission purposes. Self-accounting and a draft book system of benefit claim payments were instituted. An analysis of the premium rates being charged by the insurance company indicated that the premiums were too high in the light of the health and welfare fund's favorable claims experience. The net results after unnecessary costs had been eliminated were a reduction of \$118,000 in the annual premium being paid to the insurance company and a reduction of more than \$20,000 per year in the insurance company's retention.

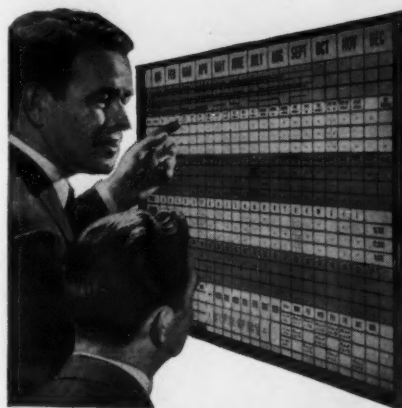
CASE B

This was a new health and welfare fund, established on a national basis and covering more than 50,000 employees plus their dependents. A procedure of competitive bidding was used to select the insurance company that would handle the fund. The difference in net cost between the lowest and the highest bidding insurance company was more than \$100,000 per year. The trustees of the health and welfare fund selected the lowest bidding insurance company. Here the trustees saw first hand the practical result of sound competitive bidding.

CASE C

This is an existing health and welfare fund which has been in operation for more than three years and insures slightly more than 2,000 employees plus their dependents. The trustees of the fund felt that the insurance company was charging too much in premiums and retention. Competitive bids were taken. Net result—policies were then combined for commission purposes, premiums reduced, and insurance company charges for "long form" administration and claim payments eliminated. The reduction in retention of more than \$14,000 a year, plus other savings, permitted substantial improvements to be made in the benefit program.

You Get Things Done With Boardmaster Visual Control



BOARDMASTER VISUAL CONTROL

- ☆ Gives Graphic Picture—Saves Time, Saves Money, Prevents Errors
- ☆ Simple to operate—Type or Write on Cards, Snap in Grooves
- ☆ Ideal for Production, Traffic, Inventory, Scheduling, Sales, Etc.
- ☆ Made of Metal, Compact and Attractive Over 250,000 in Use

Full price **\$49⁵⁰** with cards

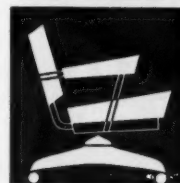
FREE

24-PAGE BOOKLET NO. M-400
Without Obligation

Write for Your Copy Today

GRAPHIC SYSTEMS

55 West 42nd Street • New York 36, N. Y.
(For more information, see last page)



Contemporary style has been achieved in Trend without sacrifice of comfort. Thickly padded with foam rubber...fiber glass bases on the swivel chairs.

trend

two new executive swivel chairs and an executive guest chair



by Sturgis



The Sturgis Posture Chair Company, Sturgis, Michigan. Address inquiries to the company's General Sales Offices, 154 East Erie St., Chicago 11, Ill.

(For more information, see last page)

Management

Methods

the powerful

new force

in the

Management

Market

SALES EXECS' OTHER ARM **GELOSO!** MINIATURE TAPE RECORDER

weighs only 7½ lbs.

Take it with you wherever you go! For your office, home, in your car, or in your travels. The Geloso! Hi-tone tape recorder, made in Italy, records and plays back music or voice with true fidelity.

SMALLEST (5½ x 5⅞ x 9⅞), **LIGHTEST** (7½ lbs.) and has everything. Excellent for meetings, conferences, dictation, training, etc. Complete with ultra-sensitive microphone, tape, take-up reel, and cordovan finish carrying case. AC Operation. \$179.95. At leading appliance, radio and department stores.

American Geloso Electronics, Inc.
312 Seventh Ave., New York 1, N. Y.
Lackawanna 4-9936



(For more information, see last page)

should then receive a reduction in retention, which will depend on the scope of the benefit program, size of group and other factors.

In most instances there will be a net savings to the fund in the use of "self-accounting" as compared to the additional cost involved in the retention if the insurance company prepares the premium accounting. "Self-accounting" is sometimes called the "short form" system for paying premiums. Consider using a "draft-book system" for payment of claims.

Benefit claims can either be paid by the insurance company from its offices, or by the health and welfare fund directly by way of checks drawn on the insurance company's bank. When a health and welfare program pays claims directly, the method used is called "a draft book system."

Here, too, when a health and welfare fund is in a position to undertake the clerical work connected with the issuance of the benefit checks, via the "draft book system" the result will be a reduction in the insurance company's retention. Most frequently the reduction in the retention exceeds the additional clerical expense to the fund for processing claims.

Think before changing insurance carriers

An established health and welfare plan may occasionally be urged to change insurance carriers. Occasionally there is a good reason for such a change. Most frequently change will involve substantial extra cost and should be made before giving consideration.

The reasons why it is expensive to change carriers are:

1. Insurance carriers have substantial expenses in connection with the underwriting of the program during the first year. These expenses, which are included in the retention, cover:

a. The cost of preparing and printing the group insurance contracts, employee certificates and descriptive booklets.

b. The cost of the forms and administrative procedures for premium accounting and benefit claims handling.

2. Extra commissions are usually paid when the insurance is switched from one insurance company to

another. Usually commissions are paid on what is called a "first year and nine year renewal basis." On such a basis, the commissions paid during the first year will be approximately four to five times as great as those paid for each of the nine renewal years. This arrangement contemplates that considerable extra work will be involved in the first year in the establishment of a health and welfare program. However, if the insurance carrier is changed, often another first year commission will be paid and charged in the retention. To make the new first year commission less obvious with the new insurance carrier, some insurance carriers will level out the new first year's commissions over an extended period of time. However, the net result is the same. In such instances, there are additional commissions charged in the retention as a result of switching insurance carriers.

Adjust differences

Health and welfare plans should not be switched from one insurance company to another unless there are very compelling reasons to do so. Usually it is possible to adjust any differences that may arise with the existing insurance carrier. The carrier understands there is always the implied threat that a failure to adjust the differences may result in the cancellation of the contract.

If the problem with the existing carrier cannot be reconciled, then a complete and impartial analysis of the situation should be made before taking new competitive bids.

To summarize, savings in the net cost of insurance can be effected by covering a larger group, by combining policies for commission purposes, by the elimination of unnecessary fees, by the use of self-accounting, by the use of a draft book system of benefit claim payments and by avoiding unnecessary switches from one insurance carrier to another.

A competent and reputable consultant or other trained technician can be helpful on all the ramifications of insurance company gross and net costs, benefit plans and the other factors affecting health and welfare funds which have been discussed.

m/m

Short cuts with Recordak Microfilming

Latest reports on how this low-cost photographic process is simplifying routines for more than 100 different types of business . . . thousands of concerns



TAKES CHRISTMAS RUSH IN STRIDE

SCHENECTADY, N. Y.

You would expect the Billing Department at Wallace's to still reflect the frenzy of the Christmas rush. But with Recordak Microfilming they got the bills out on schedule same as every month—without extra help or overtime.

Photographing the customer's sales checks, and sending them out with the bill, ends need to list and describe each purchase. Only the sales check totals and credits are posted on bill. As a result, each billing clerk can handle 4 times as many accounts. Other advantages: Customer questions are answered in advance by sending original sales checks out with bill. And fire insurance rates on accounts receivable insurance are reduced by vault-storing Recordak Microfilms.



SPEEDS THEIR SNAPSHOTS BACK

OMAHA, NEB.

Snapping pictures of "snapshot envelopes" with a Recordak Junior Microfilmer lets Bri-Tone Division of Calandra Camera Company speed deliveries to some 2,000 "pickup" stations. And it cuts costs drastically—four times as many billing clerks would be needed if the data on envelopes were transcribed manually for office record.

Completely accurate film records—which can be reviewed immediately in a Recordak Film Reader—also make it easier for Bri-Tone to answer questions about any shipment or to trace the occasional misdirected envelope of snapshots.



CLEARs TITLES FASTER

LOS ANGELES, CALIF.

In booming Los Angeles more than 4,500 multi-page documents are recorded daily in the County Recorder's Office—the busiest such office in the world.

But *Land Title Insurance Company*, through the use of Recordak Microfilming in the courthouse, easily keeps abreast of it all, has a completely accurate record of all deeds, liens, and other real property instruments the very same day. Five employees, each operating a Recordak Microfilmer for 3½ hours, do the work of 50 full-time abstract clerks using typewriters—never make a mistake or omission. No question about signatures, either. This microfilming short cut, coupled with the use of electronic business machines, lets Land Title give its customers faster, more efficient service.

HOW YOU CAN PROFIT, TOO

Chances are Recordak Microfilming is now simplifying routines just like yours. Write today for free booklet giving over-all picture and details on Recordak Microfilm, priced as low as \$550. No obligation whatsoever!



"Recordak" is a trademark

Price quoted subject to change without notice

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—
now in its 30th year



MAIL COUPON TODAY

RECORDAK CORPORATION

415 Madison Avenue, New York 17, N.Y. C-2

Please send free copy of "Short Cuts that Save Millions."

Name _____ Position _____

Company _____

Street _____

City _____ State _____

(For more information, see last page)



How to save half of an executive's salary

Thanks to an exclusive and unique internal telephone system we make, many American firms today are saving 40 minutes daily for each executive using the system.

In a small installation (used by 6 executives and other personnel) this amounts, in time saved, to *one-half of an average executive's annual salary!* In larger systems, of course, the savings mount.

And there are numerous other advantages in

STROMBERG-CARLSON'S **DIAL-X**[®] PRIVATE TELEPHONE INTERCOM SYSTEM



- Dial-X is entirely private—nobody listens in
- Dial-X is completely independent of your regular switchboard—no peak load waiting
- Dial-X provides conference talks, with everyone staying at his desk
- Dial-X rings back after a busy signal
- Dial-X is easily expanded—from 10 phones to almost a hundred
- Dial-X is a "clean" foolproof electronic system—hardly ever out of service

AND—if capital is tight, we have a no-investment lease plan, in which there are **no extras** for either installation or maintenance.

Find your nearest dealer in the Yellow Pages. Look under "Sound" or "Intercom Systems." Or write us direct.

"There is nothing finer than a Stromberg-Carlson"



STROMBERG-CARLSON
A DIVISION OF GENERAL DYNAMICS CORPORATION

Special Products Division, 1403 N. Goodman St., Rochester 3, N.Y.



*Electronic and communication products for home,
industry and defense . . . including High Fidelity
Consoles; School, Sound, Intercom
and Public Address Systems*

(For more information, see last page)

How to handle those vexing requests for SMALL GIFTS

This article is reprinted from PR Magazine, and is based on a survey conducted by its editors.

PR Magazine is the official publication of the American Public Relations Association.

Quite apart from the matter of major corporate philanthropy, firms frequently face the vexing problem of handling minor requests for donations of products, cash, and services.

Most such requests come from amateur solicitors—sincere persons who find it singularly difficult to understand why they should not get what they ask for—a case of canned goods for a church supper, a radio for a club raffle, an advertisement for a class yearbook, or, perhaps, the use of an auditorium for a fund-raising party.

Picayune? In relation to the kind of large-scale donations usually passed on after careful study by a top management committee, perhaps so, but not in their potential for creating good or ill feeling—and often not in actual dollar outlay, when all such requests are taken as a whole.

A sounding on the subject indicates that most organizations which are dealing successfully with this problem—and there are few—do so because they have developed logical criteria against which all such requests can be measured and sometimes because they have recognized gifts as both a responsibility and advantage of business to the extent of seeking out the best ways to employ them.

"Appropriateness" is the key criteria word cited by J. Philip Martin, manager of community relations for Ford Motor Co. and reflected by many of the respondents to the survey. In other words the relationship of the donation to company interests which would make it appropriate for an aluminum company to contribute table favors to a woman's club dinner, but not so appropriate for a tire company to do so.

"The appropriateness need not be to the company's direct business objectives such as advertising its products, pleasing potential customers, or recruiting personnel," says Mr. Martin. "But, it should relate to the company's interests. Large companies like Ford usually have peripheral interests in such subjects as higher

It's always open season on local business when various groups are hunting up small gifts, favors, contributions. How you handle these seemingly insignificant requests can have a strong affect on your community relations, expenses and administrative problems. These comments and cases will help you in deciding when to say yes and when to say no—and how.

education and traffic safety. In the case of its company communities, this interest extends to virtually all fields of civic improvement, public health, and good government.

"The request may even relate to what we might call avocational interests. It may, for example, coincide with philosophies or opinions on public issues which are being proclaimed by its chief executives."

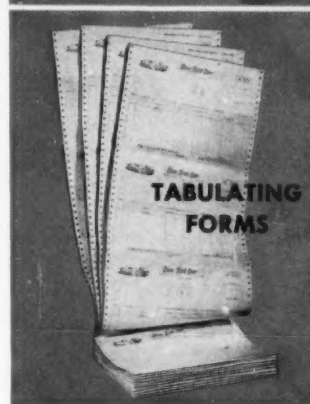
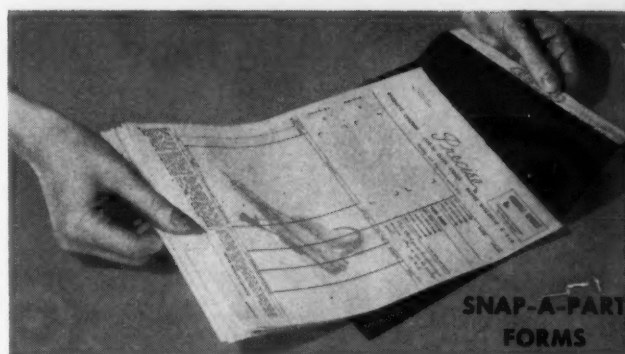
Campbell Soup Co. has found a way of coping with numerous plant city requests for its product as a dinner and luncheon item by pinning the rationale on the purpose of the affair. If the church is holding the dinner to raise money for a new wing on the building, for instance, it doesn't get the soup. If the wing is to be a community center, however, it does.

Location is a factor

Nearness of the source of the request to a company establishment has a tendency to broaden donation criteria. For example, although Pillsbury Mills has been forced to decline, politely and regretfully, all requests for its products, director of public relations Bill Powell reports that plant managers are permitted to make an exception at the local level when the cause is one that benefits the plant community as a whole.

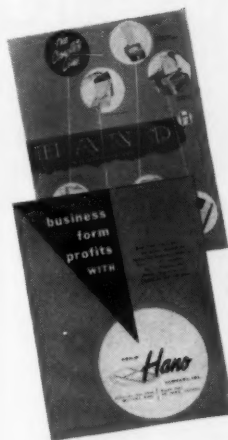
Plant town concentration enables Bristol-Myers Co. to turn aside gracefully the thousands of international requests for donations of its proprietary articles. On the positive side, however, director of public relations James L. Macwithey says that the system also permits a larger program of gifts in the plant localities including the time of Bristol-Myers personnel and the use of such plant facilities as cafeterias and recreation halls, as well as contributions of products and money.

The attempt to channel gifts into recognizably useful public service purposes is rapidly extending into the areas of Christmas and anniversaries. Consolidated Freightways of California has pioneered since 1951 in the investment of the same money that would have been used to provide Christmas remembrances to customers in annual college scholarships for qualified youngsters. The idea is so popular with trucking



HANO FORMS

If you want better control in your office with less headaches and lower costs, you can get it with top-quality Hano business forms and systems. The Hano representative or dealer near you can show you the complete line of business systems... continuous forms, Tab forms, Snap-a-parts, autographic registers and forms. For better control in 1958, write direct for samples of Hano forms for your business.



Some dealerships open for established dealers in the South, Southwest and Midwest.

PHILIP Hano COMPANY INC.
MANIFOLD PRINTERS SINCE 1888

General and Sales Offices: WAREHOUSE AND BRANCH PLANT:
HOLYOKE, MASSACHUSETTS MT. OLIVE, ILLINOIS

(For more information, see last page)

How Many "Star" Counters in Your Organization?

Chances are you don't employ people to count stars... but you do want them to keep track of certain basic figure facts in your operation.

Now it can be done faster, much more accurately and economically with The **DENOMINATOR**! No pencil or paper required. Write for free descriptive literature, Dept. MM-81.

THE DENOMINATOR COMPANY, INC.
261 Broadway, New York 7, N.Y.
Manufacturers of Tabulating Machines for over 40 years



(For more information, see last page)

Equipto custom designed **BENCHES** at assembly line prices

161 Models in stock

Equipto's complete line of modern flow Benches give you an unlimited choice of units. They can be used singly or arranged into one continuous streamlined assembly. Available with many types and styles of drawers, drawer pedestals, cabinet pedestals, sliding doors, aerial shelves, and a choice of 4 different tops.

Each drawer is a vault unto itself... cannot be pilfered by removing drawer above. All drawers ride quietly on four trouble-free nylon rollers. Write for free catalog No. 200 illustrating and describing this outstanding line of top quality benches.

Equipto Division of Aurora Equipment Co.
615 Prairie Avenue
Aurora, Illinois

Steel Shelving . . . Parts Bins . . . Drawer Units . . . Lockers . . . Carts . . . Work Benches

(For more information, see last page)

customers that it is now promoted by the Regular Common Carrier Conference of the American Trucking Association, says Charles D. Brown, publicity manager.

In the retailing field, requests for cash and merchandise are so numerous and consistent that civic merchants associations, such as that in Philadelphia, have undertaken the chore of screening all those over a certain amount in financial value.

On the other hand, a store such as Gimbel Brothers still faces a formidable assortment of "will you, pleases" and frequently it is advantageous to say "yes." Mrs. Dorothea W. Sitley, director of consumer relations, states that the company has found an acceptable measuring stick in a limitation of one gift per year to each group, restriction to merchandise items rather than money, a ban on ads for souvenir programs, and gearing of luncheons and parties to community improvement and fashion.

A similar system is followed by a large retail establishment in Washington, D. C., which answers only formalized written requests from recognized groups and not from individuals. The store prefers not to give if the funds raised by a benefit affair are going back into the treasury of the requesting organization—unless, of course, it is an organized charity.

Affinity of interest

Jerome E. Klein, public relations director for Lane Bryant, which has a national network of retail outlets, is one who feels that there should be an affinity of interest between giver and receiver. His organization tries to seek out those non-profit groups which best serve the same people Lane Bryant is serving.

"It is logical," says Mr. Klein, "that we should be interested in helping the work of an organization concerned with maternity education and maternal health programs. It is just as logical that we should be interested in organizations devoted to aiding the obese woman or the tall girl."

Inevitably, under any sort of screening process a company faces the fact that there must be refusals and that the delicacy with which these are handled can have far-reaching impact on public relations. The ease in creating the right atmosphere, the survey indicates, is much greater when the company is able to state in its refusal the kinds of things incorporated in its regular pattern of giving and donating. At times, the criteria cited in a letter of refusal—or inserted in the form of a printed enclosure—can be helpful to the requestee in regearing his next approach to the interests of the company or in better designing the overture in behalf of some other group which he may also represent.

In general, the comments emphasized that, while large-scale giving is usually guided by a management committee consisting of people from the staff of the finance department, the secretary's office, and the employer-employee relations division, it is desirable to have public relations representation on such a committee. This is because public relations is both the custodian of the "thought market" in which the contribution will have its impact and the communicator of the gift announcement.

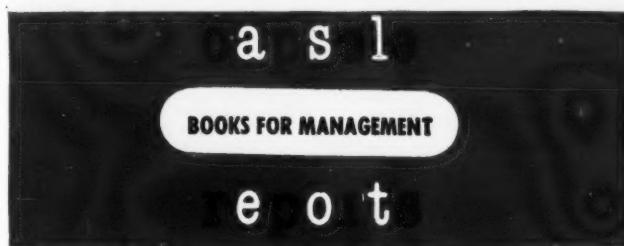
In the Lever Brothers Co. operation, J. E. Drew,

public relations director, serves as chairman of the kind of management committee referred to above. This committee makes the primary decision on contributions of all types. The four questions asked regarding all overtures are these:

1. Is it in the interest of the company and its products in any way?
2. Is it in the interest of the company's employees?
3. Will it benefit a community in which the company has an interest?
4. Is it the kind of cause with which the company wants to be identified?

Lever Brothers has found it advisable to eliminate from consideration proposed donations and contributions to causes which are strictly religious, racial, or political.

In the interest of arriving at equitable amounts nationally and locally, Lever Brothers uses a per-capita formula based on the number of the company's employees affected by the cause. m/m



People make the firm

BIG BUSINESS AND HUMAN VALUES, by Theodore V. Houser. McGraw-Hill Book Co., New York, 1957. 103 pp. \$3.50.

In this concise volume, the chairman of the board of Sears, Roebuck & Co. tells about the basic management policies that have guided his company's growth. The author's main thesis concerns Sears' recognition that its development and prosperity have always been dependent upon its ability to select the right people, and to provide its people with adequate opportunities for experience and progress.

The firm's "humanized" approach is also delineated with respect to its many years of dealings with customers, suppliers and the many communities in which it operates. The contents of the volume are based on a series of lectures given by the author at the Columbia University Graduate School of Business. Although the experiences of a "big business" firm are the major source of the book's contents, its lessons may be applied equally well to companies of any size.

How to install electronics

INSTALLING ELECTRONIC DATA PROCESSING SYSTEMS, by Richard G. Canning. John Wiley & Sons, Philadelphia, 1957. 193 pp. \$6.

Written in non-technical language, this book covers questions of installing electronic data processing systems, including fitting EDP into an organization, programming, selection and training of operating personnel and physical installation of the system.

It deals extensively with questions of costs involved in EDP installation and operation, and is based upon

actual case studies. The author is an associate research engineer at UCLA as well as a member of several national engineering and management societies.

Facts about the labor movement

LABOR IN A GROWING ECONOMY, by Melvin W. Reder. John Wiley & Sons, Philadelphia, 1957. 534 pp. \$6.50.

Designed fundamentally as a textbook for a labor economics course, this work nevertheless should prove of value to the businessman seeking to understand the relationship of organized labor to our current level of economic development.

The author, a professor of economics at Stanford University, analyzes wage trends, income, occupational movement and the institution of the trade union in relation to our over-all economic development. A comprehensive history of the development of the American trade union movement forms an important section of the book.

Management is communication

BETTER BUSINESS COMMUNICATION, by Dennis Murphy. McGraw-Hill Book Co., New York, 1957. 306 pp. \$4.50.

This book is based on what is described as a two-fold thesis: management is communication; job fulfillment is communication.

The informally written, heavily illustrated text discusses what the author considers the seven basic skills



Swiftly, thrifty numbering machine

Handles most every office numbering job quickly, inexpensively. Automatic — consecutive, duplicate, repeat; 6-wheel capacity. Sturdy frame, easy action, smooth operation. Prefixed letter wheel when desired without extra cost.

Nine stock combinations, all at one low price!

Force model 150

Facsimile impression
345678

WM. A. **FORCE** & CO., Incorporated

216 Nichols Ave.
Brooklyn 8, N. Y.

Sales Offices: NEW YORK • CHICAGO • SAN FRANCISCO • MONTREAL

Designed for RUGGED DUTY!



- Six vertical welded uprights
- Reinforced drawer openings
- Outer shell interlocked and welded
- Life-time cradle suspension



Every Bentson user knows and appreciates the value of sound, durable construction. Bentson Top-Flite Files work smoother . . . look better and last longer. That's because they are made better!

Whatever your filing needs may be . . . Bentson has it!

A FILE FOR EVERY NEED



See them all in our new catalog. Send for yours today!

BENTSON



MFG. CO.

652 Highland Ave.

Aurora, Ill.

(For more information, see last page)

of human communication in business, which he lists as thinking, doing, observing, talking, listening, writing and rewarding. Each chapter is followed by specific case studies and by a series of questions designed to stimulate group discussion.

Systems of work measurement

ENGINEERED WORK MEASUREMENT, by Delmar W. Karger and Franklin H. Bayha. Industrial Press, New York, 1957. 635 pp. \$12.

Not only does this book present an exposition of the principles, data and techniques of methods-time-measurement, but it also coordinates this system with the well established techniques of time and motion study, to indicate that the two systems are complementary and interrelated rather than opposed.

The fundamentals of MTM are discussed in 14 basic chapters, following which the authors present a survey of time and motion study as used to measure process and cycle times. As a special feature which will help design engineers, tool engineers and foremen, there is a chapter which outlines a simplified methods-time-measurement technique.

Terms are illustrated and defined, and special MTM mathematics, standards and applications as well as the organization and development of training courses are covered.

How to alter a firm's structure

EFFECTING CHANGE IN LARGE ORGANIZATIONS, by Eli Ginzberg and Ewing W. Reilly (with the assistance of Douglas W. Bray and John L. Herma). Columbia University Press, New York, 1957. 155 pp. \$3.50.

What problems are involved when a large organization decides to alter its basic organizational structure in order to improve its efficiency? While other books have been directed at the mechanical problems to be solved in such a change-over, this volume is concerned with the social and psychological aspects of dealing with the executives who are involved in the change.

The authors believe that "effecting change in large organizations is primarily a question of altering the behavior patterns of the executives who carry major responsibility." To this end, they employ social science and psychological theory in discussing this aspect of directed change.

How to handle job evaluation

JOB EVALUATION, by John A. Patton and C. L. Littlefield, Ph.D. Richard D. Irwin, Inc., Homewood, Ill., 1957. 367 pp. \$7.80.

This is a revised edition with comprehensive coverage of all phases of job evaluation. The text is documented with up-to-date case histories. Emphasis is placed on proper approach to planning, organizing and winning acceptance of evaluation systems.

Among areas treated are detailed techniques of job analysis, selection of evaluation methods, union attitudes toward job evaluation and building wage and salary structures. Various grading and merit methods are supported by actual system studies. m/m

PROFILE OF A NEW KIND OF MANAGER—

(Continued from page 31)

Added engineers were hired to design and perfect a broader line of airborne timing and sensing devices.

Another portion of the newly available funds were budgeted to accelerate the expansion program for Shavex. Advertising was stepped up and new salesmen were hired. The line had been broadened with such items as a shaver plug-in attachment for car cigarette lighters. In addition to this, Burgess found a way to spread his sales costs over a broader base without getting into the highly competitive home appliance business. He took on the distribution of a line of quality shaving toiletries, such as after shave lotion. These new items helped bring Shavex costs down, push sales up.

Despite this new emphasis on Shavex, however, Burgess knew that the product was still under-capitalized. Bigger capital invest-

ments in the product could have resulted in bigger sales and profits. But by now, top priority, for capital and other resources, was being given to the Avionics Division.

While energizing his two existing divisions, Burgess also used funds from the stock sale to add a third leg to the corporate stool. Keeping his financial public in mind, he moved into the industrial electronics field by purchasing a two-thirds interest in a two-year-old firm called Electromec, Inc., in Burbank, Calif. This small, 30-employee company had designed and begun preliminary production of electronic instruments for industry. The acquisition brought in some fine engineering talent as well as product designs that tied in with the Avionics Division of Electronic Specialty. The firm needed the shelter of a bigger concern that could finance its production and assist with distribution. Burgess

paid \$60,000 in cash and stock for the two-thirds interest in Electromec, took an option on the remaining interest at a higher rate, in order to provide an incentive for the Electromec management. Then he set about expanding production of the instruments, building up channels of distribution, in addition to continuing emphasis on research and development to improve and expand the line. This initial work showed good promise.

The acquisition gave Electronic Specialty a unique balance of three-way diversification within electronics: consumer (Shavex), military (Avionics), and industrial (Electromec).

The future looked bright as the company moved ahead with its three businesses. But before long, the old problem appeared. Electronic Specialty ran out of money again. And this time, it ran out of management, too.

Expanding volume
brings a problem:
lack of cash.



PROBLEM NUMBER 3: How to prune for profits

Spinning off two divisions consolidates money and management for new growth surge.

■ Electronic Specialty Co.'s diversified operations had become scattered in eight separate locations. In 1955, President William H. Burgess pulled the pieces together and housed them in a modern new building on the outskirts of Los Angeles. Designed for the company's own specific requirements, the building was acquired on a standard lease-back arrangement in order to conserve scarce capital for operating growth.

And the company's growth was accelerating. In the Electromec Division, a substantial backlog built up quickly for the industrial instruments being produced (large screen oscilloscopes). The Avionics Division, strengthened by new electronic designs brought in with the acquisition of Electromec, was producing electronic components

for aircraft at a faster clip than ever, had expanded well beyond the million dollar annual volume mark. Shavex, the attachment for electric shavers, which six years before had been the starting point for the company's growth, was continuing to sell reasonably well, but had run into snags. A major electric shaver manufacturer had come out with a competing converter attachment. Partly as a result of this, Avionics sales had shot up to three times the size of Shavex sales—creating a tail-wags-dog situation.

Expanding sales volume meant the promise of bigger profits for Electronic Specialty Co. But it meant something else, too. It meant increased strain on already scarce capital reserves. Late in 1955, the clouds of a serious money shortage began to darken again.

President Burgess searched for new ways to strengthen his company's financial position. He noted that U. S. Time Corp., in Waterbury, Conn., was marketing a clock called Timex, paralleling the name

There are dozens of general magazines
read by executives:

Life, Post, Reader's Digest, Look, Time, Newsweek



There are others edited for their
broad business interests:

*U. S. News, Business Week,
Nations Business, Fortune*



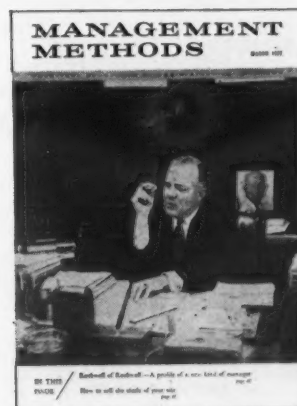
And many more for specific news in specific fields:

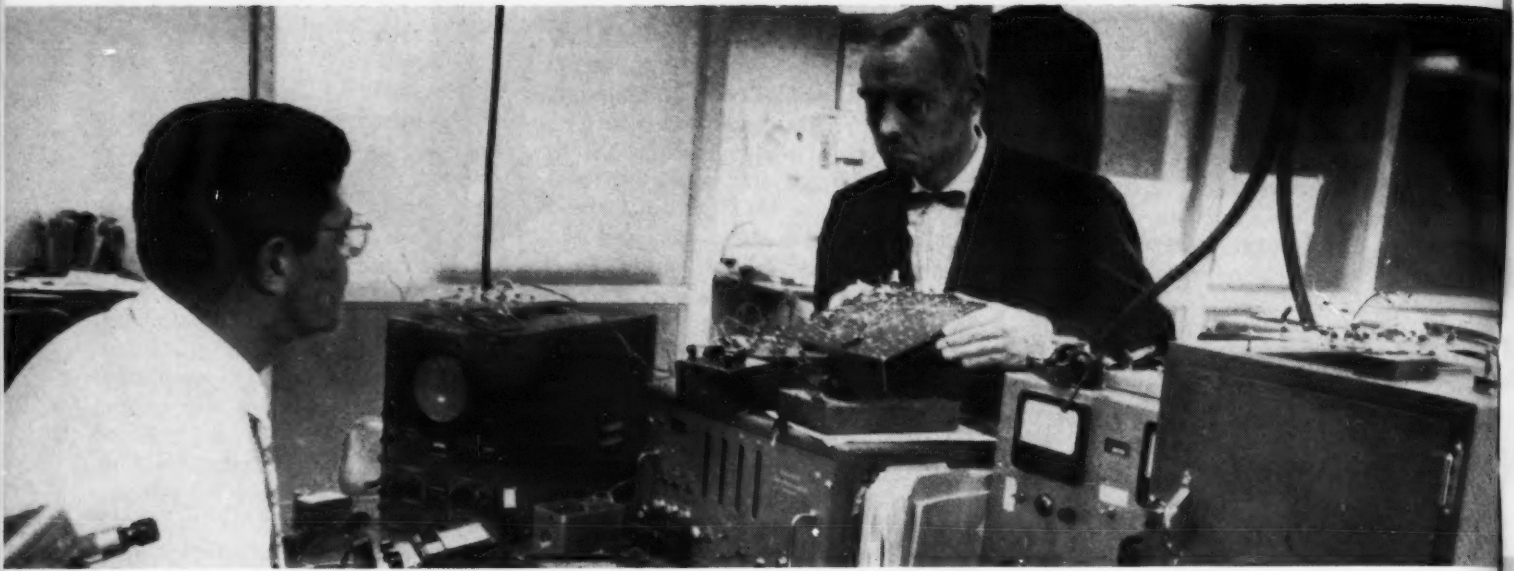
*Retailing, Steel, Mill and Factory,
Journal of Accountancy, Chemical Processing*



But only MANAGEMENT METHODS serves the
business executive specifically in terms of
his problems as a General Administrator. That's why
more and more producers of goods and services are finding it
pays to advertise in **MANAGEMENT METHODS** —

The Magazine of Administrative Management





In the cold light of financial reality, a serious admission: too much diversification

of his own Shavex. He felt there might be an area of cooperation between the two companies for mutual advantage. Burgess contacted U. S. Time Corp., and interested the company in his own operations. As a result, U. S. Time took a one-year option on 303,000 shares of Electronic Specialty stock. If exercised, the option would provide Burgess with nearly \$1 million, in addition to making some of U. S. Time's plant and sales facilities available to Electronic Specialty.

But the option deal didn't really solve Burgess' problem. He needed growth capital now, not a year from now.* At the start of 1956, it was clear that imaginative thinking and strong action of some kind were called for.

THE ANSWER

At the base of his problems, Burgess realized, was his diversification. It was true that he had confined his three separate businesses within the over-all scope of electronics, but the branches were far flung enough so that they did not greatly augment each other. Each one was tying up separate and sizeable sums of money. Example: only a few months after the Elec-

tromec Division had been acquired for an initial \$60,000, it had absorbed a capital investment of \$200,000.

But this amount of capital was only a fraction of the total investment going into the Avionics Division. During the fiscal year ending March 1956, \$350,000, or 17% of total company sales, was invested in Avionics engineering, research and development. To provide for such huge outlays to stimulate growth, Burgess finally had to break his record of steadily increasing profits. In fact, for fiscal '56, the company experienced a 1% net loss.

In theory and on paper, Burgess' plan for three-way diversifications into consumer, military and industrial electronics had seemed completely sound. In practice, it had proved less sound. Reviewing his accomplishments and forward plans in the cold light of financial reality, Burgess forced himself to make a serious admission—his company was still too small to be going in three directions at once. Together with the money problem, Burgess had been hard put to staff his company with the large number of key personnel needed to run all three businesses (see *Problem Number 4*).

He still believed his company

should be diversified, but he saw now that for the time being at least he would have to diversify on a less broad scale. Operations would have to be confined under smaller capital and management umbrellas.

Two out, one to grow. Having thus decided, the problem became one of determining how to consolidate. All of the facts pointed to a single logical answer: prune away two of the branches to provide more nourishment for the third.

It was no difficult decision for Burgess to select the divisions to retain. Avionics held the most profit promise, both immediate and long range.

Thus Shavex and Electromec were scheduled for pruning.

Here is the thinking that Burgess applied to this decision:

From the beginning, Burgess had realized that Shavex could be more profitably handled by a bigger firm with an already established line of home appliances and a ready-made sales force. Through the years he had aggressively built up Shavex knowing that the time might come when it would be expedient to spin it off. That time had now come.

Regarding the industrial instruments division, the facts were equally clear cut. Electromec, Inc.

*Actually, the option was dropped by U. S. Time 11 months later.

"We faced the need for growth capital now, not a year from now."



had been sold to Electronic Specialty by its original owners because they did not possess the capital to begin making and selling the products they had developed. Burgess had been able to provide the capital for this purpose, but he finally found that the amounts required were larger than he had at first anticipated. Further, the industrial electronics market was not

nearly as large as the aircraft electronics market. Burgess realized that the time might not be far off when the relative size of these markets might be reversed, but even so he felt confident in his decision to retain Avionics and prune off Electromec. Reason: all of the products in the airborne electronics line are adaptable to industrial controls and automation.

Telephone technique. The method used by Burgess to find buyers for his Shavex and Electromec divisions was direct and simple. Starting with Electromec, he merely compiled a list of companies that he considered to be prospective purchasers, using trade association directories and other sources. Then he picked up his telephone and spoke with the presidents of these firms, reporting that the division was for sale.

As it turned out, Electromec was sold to a firm not on the list: Federal Telephone and Radio Co. (a division of IT&T), in Clifton, N. J. This company wanted the division for use as a nucleus around which to build a new line of industrial and commercial instruments. The sale took place in June 1956.

Using his same telephone technique, Burgess sold Shavex a few months later. The purchaser, Dynamics Corp. of America, arranged for the distribution of the Shavex product by Waring Products Corp., makers of the well known Waring Blender.

The two spin-offs netted Electronic Specialty a capital gain of \$114,000 and created \$400,000 in working capital. These funds were used to further strengthen the base for growth in the Avionics Division. More and better production and testing assets were acquired, including a testing range of one type that still tops anything like it in the field (*see cover illustration*.) Such facilities moved Electronic Specialty to a still higher position of dominance in its field. As an indication of the growth, the new building that Burgess had moved his diversified operations into in 1955 had to be expanded the next year even though two divisions had been sold.

Following his previous pattern, Burgess again beefed up his R&D program using the new funds available. Out of this research, plus the development that had gone before, came budding new products for the narrower kind of diversification Burgess was now seeking.

Today, Electronic Specialty's business has divided into four major related divisions, all within the field of electronics for aircraft and missiles. The divisions are: Avionics, the time delay relays that are the company's bread and butter today; Radiating Systems and Components, a rapidly rising line that now accounts for 50% of the company's \$2.6 million backlog; Subminiature Relays, a line of products still in the development stage but which should be bringing in orders at a fast clip this Spring; and the Systems Division, which is involved in packaging various of the company's products as complete systems. Each of these lines has a potential of \$1 million or more in annual sales. Planning ahead, still other related lines are being developed—flashers, sensors, specialty devices and test equipment—each of which can be developed to the same million dollar level.*

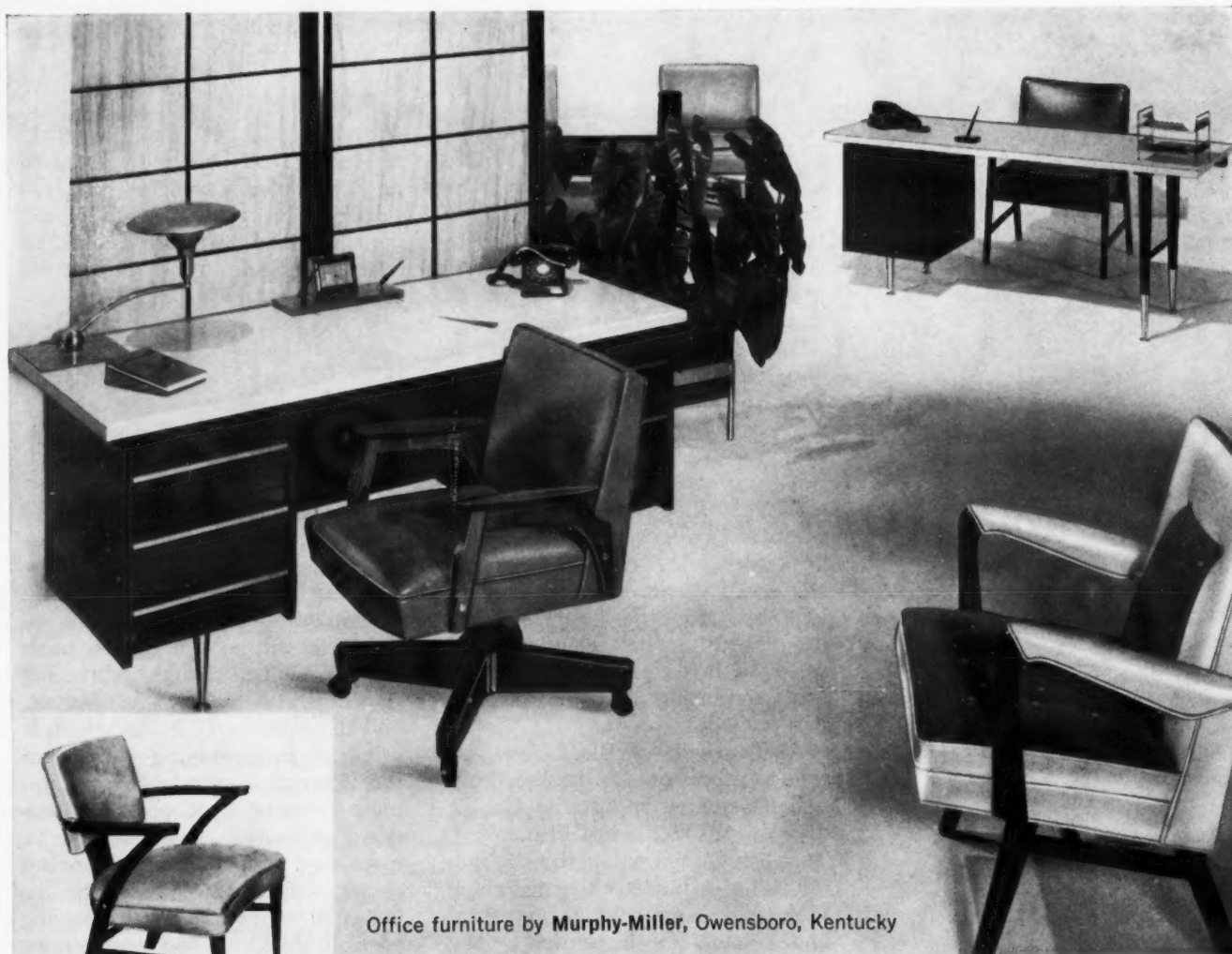
The aim: up. Burgess started with a company worth \$9,000 in 1949. Since then he has devoted himself to profit probing, diversifying, financing, pruning and development work. How has it paid off? The answer is reflected in these interesting comparisons:

■ In the current fiscal year, which ends next month, Burgess will have pushed sales close to the \$5 million mark, up 50% over last year. Operating profits will be an estimated \$350,000.

■ Net worth has more than doubled to \$1.2 million since February 1955 when the company went public. In terms of the market value of its stock, the company is now worth almost \$4 million.

Says President Burgess: "We have felt the effects of the current stretchouts and cutbacks in the de-

*The recent acquisition of a small division of another electronic firm has contributed to the broadening of the product base.



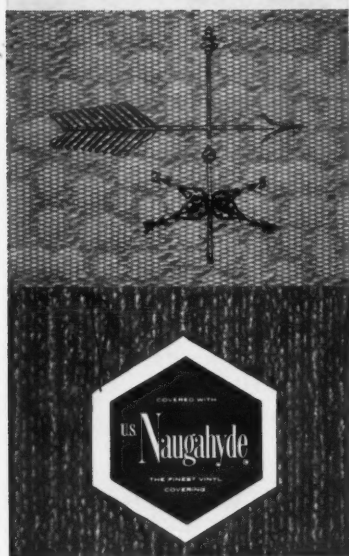
Office furniture by Murphy-Miller, Owensboro, Kentucky

THE DECORATOR FABRIC THAT WORKS IN YOUR OFFICE... U. S. NAUGAHYDE®

FINEST VINYL UPHOLSTERY FOR ALL AMERICA

It's smart business when you can combine good looks and lasting performance with minimum upkeep! That's why U. S. Naugahyde is the right upholstery for your office! You can choose famous Elastic* Naugahyde or deep-dimensional Breathable* Naugahyde in a wide variety of handsome textures and rich colors...yet for all their look of luxury, they're scuff resistant, easy to keep clean. When next you buy office furniture, specify U. S. Naugahyde tailored over U. S. Koylon® Foam Cushioning...it's the ultimate in long-lasting comfort.

* Patent applied for



United States Rubber

Coated Fabrics Dept., Mishawaka, Indiana

(For more information, see last page)

MANAGEMENT METHODS

fense program, but we don't believe this temporary shifting of gears will affect our long range rate of growth. We have a number of new products pending that should increase our future volume. We have projected a future re-entry

into the industrial electronics field. We have several acquisitions pending that will strengthen our product lines and our pool of engineering and management talent. We think we have now laid the groundwork for the future."

"The need for talented people has been more hampering than lack of capital"

PROBLEM NUMBER 4: How to staff for profits

A staff is built by raiding bigger firms, hiring young unknowns with high potential.

■ "There are particular times in the life of a corporation when you need a particular man with particular talent. Whether or not you get him makes the difference between life and death."

These cogent words were spoken recently by an executive of Electronic Specialty Co. They express a belief that William H. Burgess, president of the company, subscribes to completely. Burgess rightfully credits the dynamics of his company's growth to the coordinated efforts of a group of key people who are, or have been, in the organization.

Burgess himself has worked primarily as the money manager, especially in recent years. His reason for this is that he considers finance to be the one area where his efforts, as president, can be most profitably applied. His record

seems to back up the wisdom of his attitude.

But Burgess has not been a financial president solely. Says he: "I can point to a number of times when the need for talented people has been more hampering to us than lack of capital. Through the years I'd say I've spent about one-fourth of my time recruiting and motivating people . . . a special kind of people—people who can do a better job in most phases of the business than I am able or equipped to do."

In his talent scouting efforts, Burgess has faced one chief problem: the men he has sought have often been in bigger jobs already than he could offer them.

THE ANSWER

Burgess discovered early that there is a special breed of individual for whom his kind of growth company holds a particular appeal. This breed is more interested in the spirit of adventure in a small firm than in the security of a big company. Burgess also found out, however, that such people are probably the scarcest commodity in the manpower market. Nevertheless, he has managed to attract a full complement of them, and to weave them together into a management and engineering staff of unique caliber.

Step down and grow. Burgess' recruiting methods has been 1) to raid bigger firms, and 2) to search out young unknowns with a high potential ability.

Burgess never goes after a man who is merely able to handle a job as it exists at the moment. This would be foolhardy, says he, be-

cause key jobs in his company expand too fast. As the company grows, key people must be able to grow as fast—or faster. It is this fact that has made it necessary for Electronic Specialty to find and attract people who are willing to step down to smaller jobs temporarily in order to help pull the company up. In the long run, Burgess emphasizes, the rewards are well worth it.

In the early days of Electronic Specialty's surge forward, the manpower problem was not as urgent as it later became. Burgess had been able to interest David Marcus, former owner of Electronic Specialty, in rejoining the organization as a profit sharing executive. Marcus assumed the role of executive vice president and treasurer, stayed with the company until mid-1955.

In the meantime, however, mushrooming growth had brought the need for key men into sharp focus. A large part of the problem was solved when Burgess met a man named C. Raymond Harmon through his affiliation with the Young Presidents' Organization. Harmon, a young, racehorse type

Harmon (left) and Ciscel (below): balance for the top management team.





Assistant to the President Harmon: the ability to attract key people.

of sales-minded executive, had a solid record of management accomplishment behind him. As president of Leach Corp. (electrical products), he had just scored a three-year achievement of pushing sales up from \$2.5 million to \$9 million. This was just the kind of talent Electronic Specialty needed.

Harmon joined the company in April 1955 with the deceptive title of assistant to the president. Actually, he operates on a level nearly parallel with Burgess. He directs sales, and, because he spends a good deal of his time with customers, is in a unique position to spot needs for new products that can supplement Electronic Specialty's line. Further, because he possesses an ability equal to Burgess' for attracting key people, Harmon has now taken over a large part of the manpower recruiting task.

At the beginning of last year, Burgess still faced the problem of finding a third man to fill out the company's top management. He needed a general manager strongly qualified to take charge of production and engineering. In late 1956 the post was vacated again by Clare

A. Mason who left to assume the presidency of another firm.

But Burgess and Harmon knew of just the man to take Mason's place. The candidate was Benjamin H. Ciscel, who was then manager of weapons system at RCA in Camden, N. J. Ciscel had demonstrated a valuable combination of abilities: he was both a highly qualified engineer and a good manager. At RCA he was handling \$30 million in R&D programs. Thus, once more the problem was one of inducing a key man in a big job to give up his security and accept a job that would be smaller at first. Ciscel, enticed by a salary boost plus a stock option and a liberal executive profit sharing program, accepted the invitation and made the switch early in 1957, assuming the post of executive vice president.

Spirited executives. Like Ciscel, many of Electronic Specialty's middle management people have been spirited away from big firms. Examples: William H. Doty (director of engineering), previously chief engineer for Bulova Electronics; William R. Martin (manager of radiation systems), formerly head of the antenna laboratory at Lockheed Aircraft.

Thus Burgess has found that his small company can successfully compete with big and giant firms for the cream of the manpower supply. It can be done, says Burgess, by offering inducements and motivations that few big corporations are willing or able to match.

For example, Electronic Specialty offers a variety of extra financial incentives for its people. Among them:

Stock purchase plan open to all of the 200-odd employees. The company contributes \$1 for each \$4 invested by the employee.

Liberal stock option plan for key people.

Administrative bonus plan for key people. Bonuses are based on net profit and determined by a point weighted system.

Engineering bonus plan, based on a similar point system. Under this plan, a chief engineer can earn a bonus of about \$1,500 per quarter, and a good engineer can reasonably expect to earn a bonus of \$1,000 per quarter.

"You can't recruit a good man just by offering him a good job," says Burgess. "You have to offer him a future. And it has to be the kind of future in which his rewards are going to be at least largely determined by his own efforts."

PROFILE OF A NEW KIND OF MANAGER

In nine years, President William H. Burgess has molded a vigorous and smooth-running company, and steered it on the road of expanding profits. In the process, his personal fortunes have multiplied.

Two points stand out in his actions:

1. After once determining the best direction for his young company, Burgess eliminated secondary profit routes, even significantly large ones, in order to concentrate capital and other limited resources where they would do the most good.

2. As president, Burgess has centered his own efforts in the one area—finance—where he feels he can produce best results. Other functions have been delegated to competent associates and subordinates.

There is nothing mysterious or unique in the business strategy Burgess has used. Part of his approach has been simply to adapt to his own needs the practices of big business. In so doing, he has added further evidence that today's new kind of manager, armed with the tested methods of professional management, can produce relatively the same results in any company—regardless of its current size, field, or problems. m/m

As a new business grows, a fortune multiplies.



Reprints of this article are available at the following prices:

Single reprints\$1.00
Six reprints 2.50
Seven to 9940¢ each
100 or over35¢ each

This Reader Service Section is provided to help you obtain additional information on advertisements in this issue. Simply find the appropriate key numbers in the listing and circle the corresponding numbers on one of the cards bound facing this page.

FREE READER SERVICE SECTION

Key	Advertiser	Page	Key	Advertiser	Page
500	Acme Visible Records, Inc. Agency: E. H. Brown Advertising	51	519	The Denominator Co. Agency: R. E. McGuire Associates, Inc.	70
501	American Geloso Electronics, Inc. Agency: Burton Browne Advertising	66	520	A. B. Dick Co. Agency: Fuller & Smith & Ross, Inc.	64
502	Bankers Box Co. Agency: Frank C. Jacobi Advertising, Inc.	60	521	John Diebold & Associates, Inc. Agency: The Rockmore Co.	49/50
503	The Bentson Mfg. Co. Agency: J. D. Culea Advertising	72	522	Eastman Kodak Co. Agency: J. Walter Thompson Co.	21
504	L. L. Brown Paper Co. Agency: Chambers & Wiswell, Inc.	62	523	Elbe File & Binder Co., Inc. Agency: Kenneth L. Nathanson Associates	60
505	Charles Bruning Co., Inc. Agency: H. W. Kastor & Sons Adv. Co., Inc.	7	524	Equipto Div., of Aurora Equipment Co. Agency: Arthur R. Mogge, Inc.	70
506	Burroughs Corp. Agency: Campbell-Ewald Co.	59	525	William A. Force & Co. Agency: Philip I. Ross Co.	71
507	Business Electronics, Inc. Agency: Don L. Burgess Advertising	44	526	Friden, Inc. Agency: J. Walter Thompson Co.	12
508	The Celotex Corp. Agency: MacFarland, Aveyard & Co.	23	527	The Globe-Wernicke Co. Agency: Strauchen & McKim Advertising	Cover IV
509	Clarín Mfg. Co. Agency: Waldie and Briggs, Inc.	14	528	Graphic Systems, Inc. Agency: Diener & Dorskind, Inc.	65
510	Cole Steel Equipment Co., Inc. Agency: Webb Associates, Inc.	17	530	G. R. Products, Inc. Agency: Norman-Navan, Inc.	82
511	Columbia Ribbon & Carbon Mfg. Co., Inc. Agency: E. M. Freystadt Associates, Inc.	42	531	The Haloid Co. Agency: Hutchins Advertising Co., Inc.	24
512	Commonwealth of Pennsylvania Agency: Kastor, Farrell, Chesley & Clifford, Inc.	16	532	Hamilton Mfg. Corp. Agency: Caldwell, Larkin & Sidener-Van Riper, Inc.	58
513	Comptometer Corp. Agency: Henri, Hurst & McDonald, Inc.	19	533	Philip Hano Co., Inc. Agency: Gibney and Berreca Advertising	69
514	Convoy, Inc. Agency: Rex Farrall, Inc.	44	534	Harter Corp. Agency: Lamport, Fox, Prell & Dolk, Inc.	22
515	Cummington Corp. Agency: Horton, Church & Goff, Inc.	47	570	Indiana Dept. of Commerce & Public Re- lations Agency: Mark Gross & Associates	13
516	Datamatic Corp. Agency: Batten, Barton, Durstine & Osborn, Inc.	11	535	Irons & Russell Co. Agency: Knight & Gilbert, Inc.	16
517	Day-Brite Lighting, Inc. Agency: Winus-Brandon Co.	52	536	Kidder & Peabody & Co. Agency: Doremus & Co.	1
518	Delta Air Lines Agency: Burke, Dowling, Adams, Inc.	48	537	Lamson Corp. Agency: Chapman-Nowak & Associates, Inc.	10
			538	James Lees & Sons Co. Agency: N. W. Ayer & Son, Inc.	9

VEEDER-ROOT

Any number of
Countrol Systems
can be based
on the
**VARY-
TALLY**

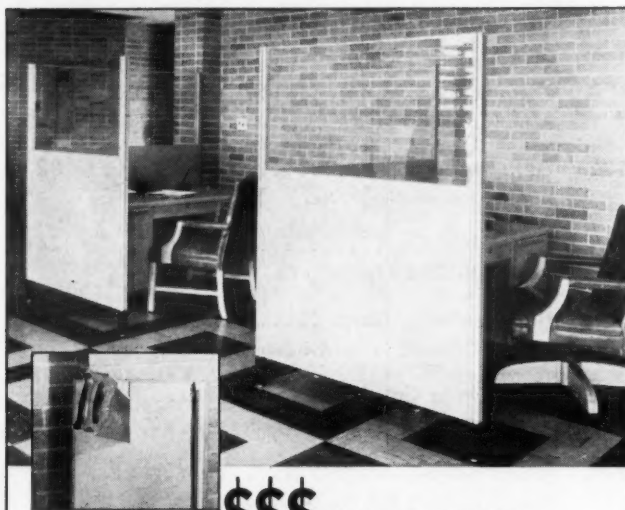


Simple punched-card systems, based on Vary-Tally Multiple Unit Reset Counters, give complete and up-to-the-minute cost and stock-control information by types, colors, sizes, textures, grades, customers, or other classifications. Also keeps production geared more closely to demand. Let us show you how easy it is to develop a Vary-Tally system for your particular needs.

VEEDER-ROOT INC., Hartford 2, Conn.

"The Name that Counts"

(For more information, see this page)



SAVE \$\$\$\$ WITH NEW BUDGEX PARTITIONS

Brand new, cost-cutting partitions—premium in every way except price. Feature acoustical spun glass sound-deadening core, new and simple locking device. Exclusive! you can saw off and cap a partition on the job to fit any requirement. Flush surfaces, handsome finishes. Yours at a new low price. Get details today. Write, wire or phone...

GR Products Inc.
2417 EASTERN AVE., S.E. GRAND RAPIDS, MICH.

(For more information, see page 81)

READER SERVICE

(continued from preceding page)

Key	Advertiser	Page
539	Macey Co., subsidiary of Harris-Intertype Corp. Agency: Fuller & Smith & Ross, Inc.	15
—	Management Magazines, Inc.	75
540	Millers Falls Paper Co. Agency: Richard R. Bruce, Inc.	8
541	The Mills Co. Agency: Meermans, Inc.	61
542	Monroe Calculating Machine Co. Agency: L. H. Hartman Co., Inc.	46
543	Moore Business Forms, Inc. Agency: N. W. Ayer & Son, Inc.	63
544	Mosler Safe Co. Agency: Cunningham & Walsh, Inc.	25
545	McBee Co. Agency: C. J. LaRoche & Co., Inc. National Cash Register Co. Agency: McCann-Erickson, Inc.	45
546	Accounting Machines	Cover III
547	Paper	73
548	Photostat Corp. Agency: Knight & Gilbert, Inc.	56
549	Recordak Corp., subsidiary of Eastman Kodak Co. Agency: J. Walter Thompson Co.	67
550	Royal Metal Mfg. Co. Agency: William Hart Adler, Inc.	Cover II
—	Shaw-Walker Co. Agency: J. Walter Thompson Co.	2
551	Strathmore Paper Co. Agency: Abbott Kimball Co., Inc. Stromberg-Carlson Co. Agency: The Rumrill Co., Inc.	4
552	Commercial Sound	68
553	Pagemaster	5
554	The Sturgis Posture Chair Co. Agency: Blaco Advertising	65
555	Tab Products Co. Agency: H. M. Leele	58
556	Thomas Collators, Inc. Agency: Carpenter-Proctor, Inc.	57
557	United States Rubber Co. Agency: Fletcher D. Richards, Inc.	78
558	Veeder-Root, Inc. Agency: Sutherland-Abbott Advertising	82
559	Watson Mfg. Co., Inc. Agency: Griffith & Rowland Advertising	43
560	Wellington Sears Co. Agency: Ellington & Co., Inc.	20
561	John Wiley & Sons, Inc. Agency: Norman D. Waters & Associates, Inc.	16

B U S I N E S S R E P L Y C A R D

No Postage Stamp Necessary if Mailed in the United States

**FIRST CLASS
PERMIT No. 337
(Sec.34.9,P.L.&R.)
Greenwich, Conn.**

POSTAGE WILL BE PAID BY

MANAGEMENT MAGAZINES, INC.

22 West Putnam Avenue

GREENWICH, CONN.

B U S I N E S S R E P L Y C A R D

No Postage Stamp Necessary if Mailed in the United States

**FIRST CLASS
PERMIT No. 337
(Sec.34.9,P.L.&R.)
Greenwich, Conn.**

POSTAGE WILL BE PAID BY

MANAGEMENT MAGAZINES, INC.

22 West Putnam Avenue

GREENWICH, CONN.

MM's FREE READER SERVICE

For more information on any advertisement or keyed editorial item, simply fill out the card below, circle the appropriate key numbers, detach, and mail. We pay the postage. Please use card number 1 first. Advertisers' key numbers are listed in Reader Service Section. Key numbers for editorial items may be found accompanying those items.

FEB 2	500	501	502	503	504	505	506	507	508	509	510
	511	512	513	514	515	516	517	518	519	520	521
	522	523	524	525	526	527	528	529	530	531	532
	533	534	535	536	537	538	539	540	541	542	543
	544	545	546	547	548	549	550	551	552	553	554
	555	556	557	558	559	560	561	562	563	564	565
	566	567	568	569	570	571	572	573	574	575	576
	577	578	579	580	581	582	583	584	585	586	587
	588	589	590	591	592	593	594	595	596	597	598
	599	600	601	602	603	604	605	606	607	608	609
	610	611	612	613	614	615	616	617	618	619	620
	621	622	623	624	625	626	627	628	629	630	631

Please print

Name
Title
Company
Address
City Zone State
Number of employees in firm
Type of business

- ☐ Send Management Methods for one year at \$5.00
☐ Bill me ☐ Bill company

MM's FREE READER SERVICE

For more information on any advertisement or keyed editorial item, simply fill out the card below, circle the appropriate key numbers, detach, and mail. We pay the postage. Please use card number 1 first. Advertisers' key numbers are listed in Reader Service Section. Key numbers for editorial items may be found accompanying those items.

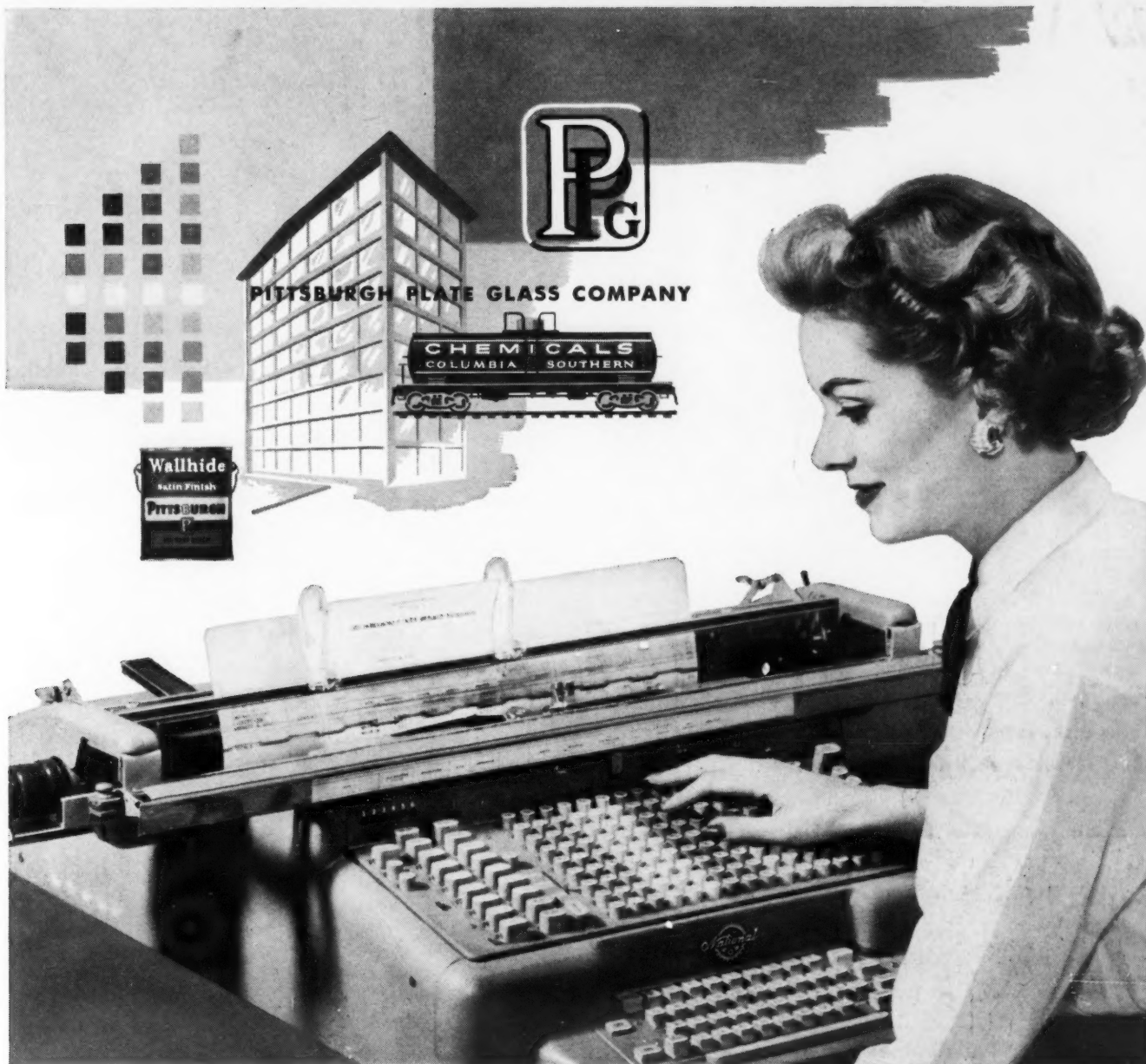
FEB 1	500	501	502	503	504	505	506	507	508	509	510
	511	512	513	514	515	516	517	518	519	520	521
	522	523	524	525	526	527	528	529	530	531	532
	533	534	535	536	537	538	539	540	541	542	543
	544	545	546	547	548	549	550	551	552	553	554
	555	556	557	558	559	560	561	562	563	564	565
	566	567	568	569	570	571	572	573	574	575	576
	577	578	579	580	581	582	583	584	585	586	587
	588	589	590	591	592	593	594	595	596	597	598
	599	600	601	602	603	604	605	606	607	608	609
	610	611	612	613	614	615	616	617	618	619	620
	621	622	623	624	625	626	627	628	629	630	631

Please print

Name
Title
Company
Address
City Zone State
Number of employees in firm
Type of business

- ☐ Send Management Methods for one year at \$5.00
☐ Bill me ☐ Bill company

TEAR OUT AND MAIL THIS FREE READER SERVICE CARD



"National Accounting System saves us \$200,000 a year...returns 102% annually on our investment."

—PITTSBURGH PLATE GLASS COMPANY, Pittsburgh

"We have invested \$195,098 in National Accounting Machines. Their many automatic features, their ability to produce several accounting records simultaneously, and their flexibility which permits shifting them quickly from one job to another—all these enabled us to improve our accounting procedures, resulting in estimated savings of \$200,000 a year which recovers our investment every 12 months.

"In addition to payroll writing, these

Nationals are used for cost distribution, bond purchases, government reports, security benefit plan, general ledger, cost ledger, sales analysis, age analysis, work orders, production control and scheduling, inventory control, accounts receivable, and accounts payable.

"We are impressed with the ease and simplicity with which the equipment operates."

L. Williams

Controller, Pittsburgh Plate Glass Company

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO
989 OFFICES IN 94 COUNTRIES

(For more information, see preceding page)

In your business, too, National machines will pay for themselves with the money they save, then continue savings as annual profit. Your nearby National man will gladly show how much you can save—and why your operators will be happier. (See phone book, yellow pages.)



*TRADE MARK REG. U. S. PAT. OFF.

National*

ACCOUNTING MACHINES
ADDING MACHINES • CASH REGISTERS
NCR PAPER (NO CARBON REQUIRED)

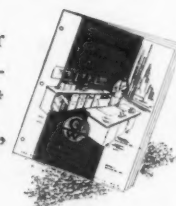


GLOBE-WERNICKE makes business a pleasure

Is your desktop cluttered with important, but often idle, business aids? Put the problem behind you with a versatile Streamliner Credenza by Globe-Wernicke. A handsome addition to any office, your credenza lets you keep those necessary business tools out of sight and out of the way, but *always within easy arm's reach*.

You build your own Streamliner Credenza, choosing from many components with a wide range of function: vertical files, bookcases, open storage units, closed cabinets, telephone stand. And the components you select are joined beneath a linoleum or heat-resistant plastic top in lengths from 33 inches to 100 inches . . . featuring square or molded edges.

For the complete story of work-engineered Streamliner Credenzas on the job in your office, just have your secretary call or write your nearest Globe-Wernicke dealer* and ask for our free illustrated brochure. Or, if you wish, write us direct, Dept. F-2



*Dealers listed in "Yellow Pages" under "Office Furniture."



CINCINNATI 12, OHIO

FOR 76 YEARS, MANUFACTURERS OF THE WORLD'S FINEST BUSINESS EQUIPMENT, SYSTEMS AND FILING SUPPLIES
(For more information, see page 81)